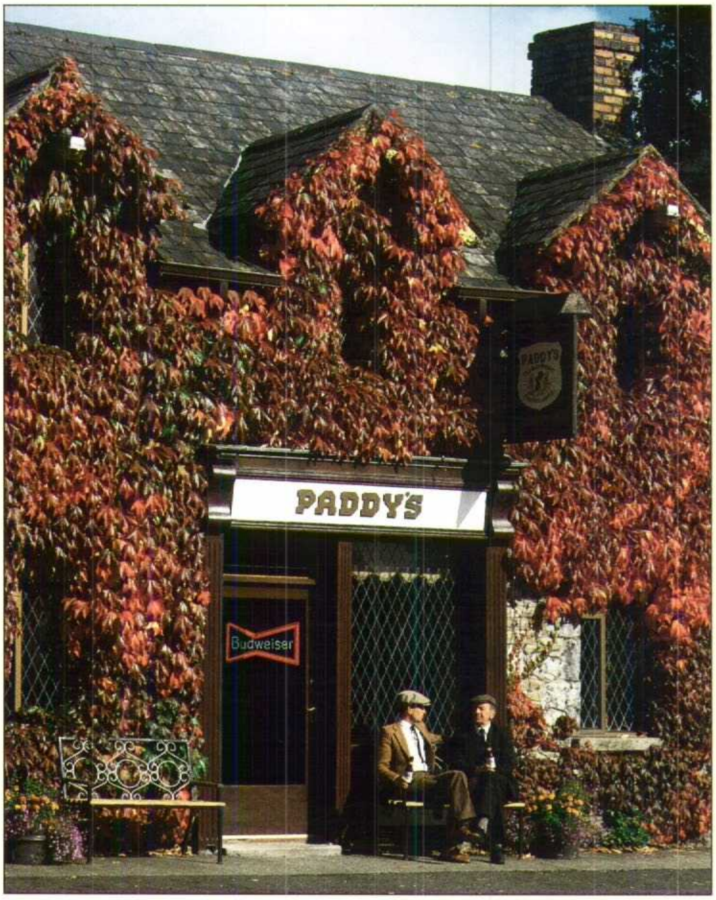

Anheuser-Busch Companies, Inc.

ANNUAL REPORT 1993

AN EXPANDING GLOBAL PRESENCE


Bud
KING OF BEERS
Budweiser
KING OF BEERS
Brewed by our original all natural process using the Choicest Hops, Rice and Best Barley Malt
Anheuser-Busch, Inc. St. Louis, Mo.
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ANHEUSER-BUSCH COMPANIES

The financial results presented below include the impact of 1993 and 1992 non-recurring special charges (see Note).

To facilitate further evaluation and understanding of the company's financial results, key comparisons are disclosed excluding the non-recurring special charges in the Letter To Shareholders on the next page and in Management's Discussion and Analysis.

Cover:

In the Far East, Europe and the Americas, Budweiser is establishing a strong international presence.

Significant new equity partnerships in 1993—in Japan, Mexico and China—and distribution in more than 60 countries clearly reflect Anheuser-Busch's commitment to global expansion.

Contents

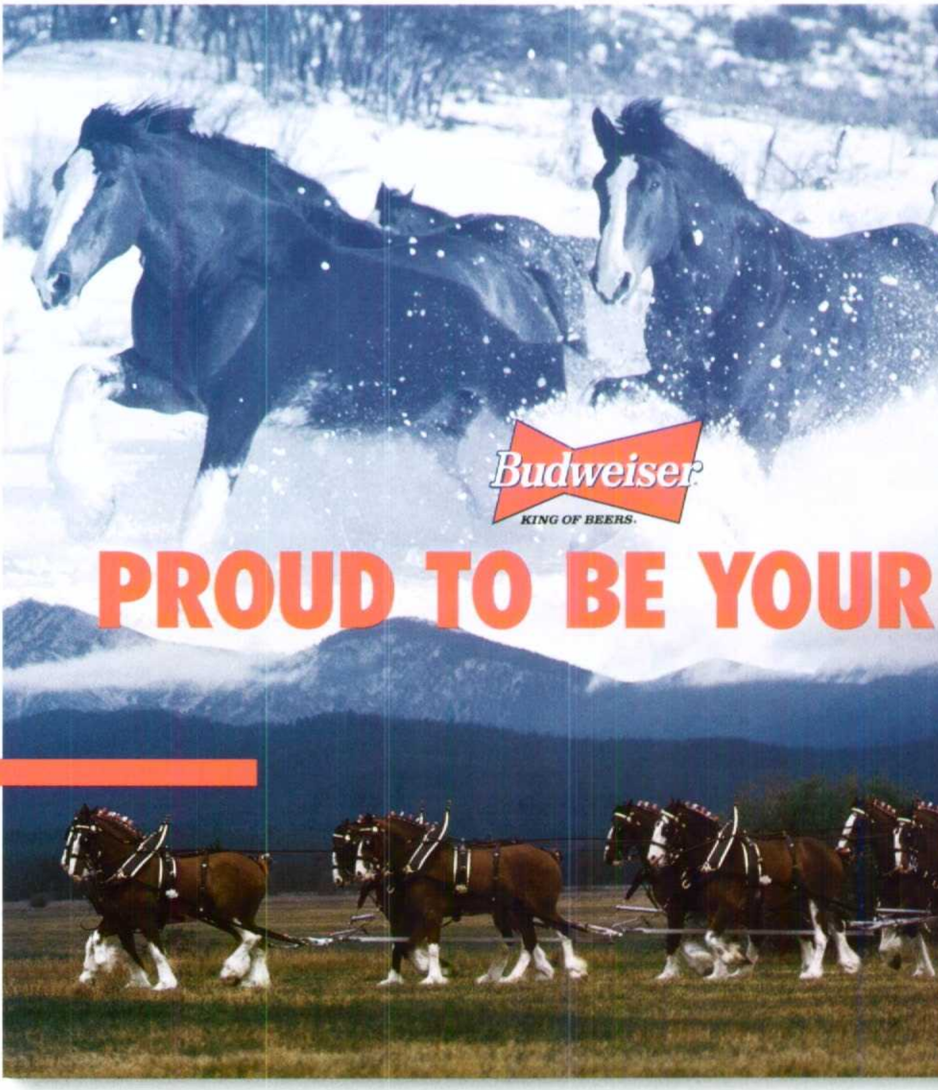
(In millions, except where noted)

YEAR ENDED DECEMBER 31,	*1993*	*1992*	*% CHANGE*
Barrels of beer sold	87.3	86.8	.5
Gross sales	$13,185.1	$13,062.3	.9
Excise taxes	1,679.8	1,668.6	.7
Net sales	11,505.3	11,393.7	1.0
INCLUDING SPECIAL CHARGES (See Note):			
Operating income	$ 1,211.9	$ 1,775.7	(31.8)
Pretax income	1,050.4	1,615.2	(35.0)
Net income:			
Before cumulative effect	$ 594.5	$ 994.2	(40.2)
Cumulative effect	—	(76.7)	
After cumulative effect	$ 594.5	$ 917.5	(35.2)
Fully diluted earnings per share:			
Before cumulative effect	$ 2.17	$ 3.46	(37.3)
Cumulative effect	—	(.26)	
After cumulative effect	$ 2.17	$ 3.20	(32.2)
Effective tax rate	43.4%	38.4%	5.0
Total assets	$10,880.3	$10,537.9	3.2
Long-term debt	3,031.7	2,642.5	14.7
Shareholders equity	4,255.5	4,620.4	(7.9)
Total debt to total capitalization	41.6%	36.4%	5.2
Capital expenditures	776.9	737.2	5.4
Depreciation and amortization	608.3	567.0	7.3
Common stock dividends	370.0	338.3	9.4
Per share	1.36	1.20	13.3
All taxes	2,409.3	2,558.6	(5.8)
Number of full-time employees	43,345	44,790	(3.2)
Number of common shareholders	67,612	67,273	.5

NOTE: 1993 financial results include the impact of two non-recurring special charges:
(1) a restructuring charge ($565 million pretax); and
(2) a revaluation of the deferred tax liability due to the 1% increase in federal tax rate ($33 million after-tax).

1992 financial results reflect the adoption of new accounting standards:
(1) Postretirement Benefits (FAS 106); and
(2) Income Taxes (FAS 109).
The adoption resulted in a net $76.7 million ($.26 per share) cumulative effect adjustment.

Despite many challenges in 1993, Anheuser-Busch's dominance of the U.S. brewing industry continued.

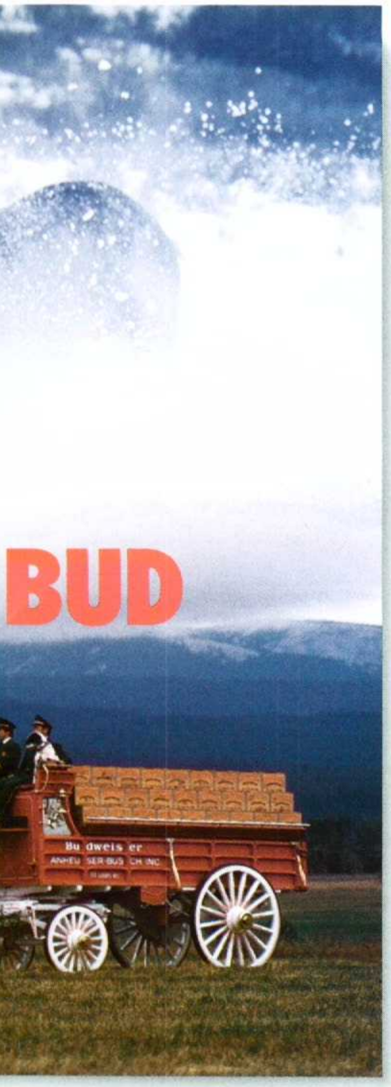


Letter to Shareholders

I am pleased to report that in 1993 our volume rose slightly over 1992, to 87.3 million barrels, and we maintained our leading market share of 44.3%. Gross sales for the year also rose slightly over 1992, to $13.19 billion. We achieved these results in a year in which the U.S. brewing industry was essentially flat.

Anheuser-Busch's dominance of the U.S. beer industry continued during 1993, although our reported financial performance was adversely affected by two significant events.

- The one percent (1%) increase in the corporate income tax rate required the company to revalue its deferred tax liabilities, resulting in a one-time, after-tax, non-cash charge of $33 million which lowered per share earnings by $.12. The additional ongoing federal income tax burden resulting from the tax increase lowered 1993 income by $10 million, or $.04 per share.
- A comprehensive Profitability Enhancement Program, adopted in September, had a negative impact on reported 1993 results but will positively affect company performance in 1994 and beyond. The program resulted in a one-time pretax restructuring charge of $565 million, or $1.26 per share. However, the program should generate annual cost savings of more than $100 million beginning in 1994 and increasing to more than $400 million annually by 1997.



The financial results presented in the annual report are required to include these special charges. However, to facilitate shareholder understanding, the following table summarizes the company's financial performance on a "normal operations" basis—excluding the effects of 1993 and 1992 non-recurring special charges:

	Normal Operations (excluding special charges)		
	1993	*1992*	*% Change*
Operating income	***$1,776.9***	$1,775.7	.1
Pretax income	***1,615.4***	1,615.2	—
Net income	***980.6***	994.2	(1.4)
Fully diluted earnings per share	***3.55***	3.46	2.6
Return on capital employed	***11.6%***	12.3%	(.7)
Return on shareholders equity	***21.2%***	22.0%	(.8)
Fixed charge coverage	***7.6x***	7.8x	(.2)x

The Profitability Enhancement Program had a major impact on the company's reported results in 1993. Its positive impact on the future operations of the company will be significant, and therefore it is important for all shareholders to understand exactly what the program is and why it was implemented.

As most of you know, competitive pressures in the brewing industry have been accelerating as difficult economic conditions persist in key geographic market areas and price competition intensifies. We realized that for Anheuser-Busch to grow and compete effectively in this environment, we will require additional flexibility and greater efficiency. The program implemented last year will serve to improve Anheuser-Busch's operations, sales and profitability starting in 1994. Implementation of the plan also delivers a strong message about change and how the company will do business in the future.

For Anheuser-Busch to grow and compete effectively in today's environment, we will require additional flexibility and greater efficiency.

Last year I described our efforts to incorporate certain total quality management principles into our operations. We refer to this effort as our Commitment to Excellence (CTE) philosophy. This philosophy focuses on customer satisfaction, a commitment to employee involvement and a dedication to continuously improving everything we do. The Profitability Enhancement Program reflects this spirit and, to a large extent, relies on quality principles for its long-term success.

I firmly believe the Profitability Enhancement Program will improve our company's profitability immediately and carries favorable long-term implications. Let me describe how.

The first component of our program was the Enhanced Retirement Program implemented late last year. The company's announced goal of a 10% reduction in the salaried workforce—1,200 positions—was achieved through retirements effective December 31, 1993. Measurable payroll savings in excess of the enhanced retirement benefits paid will contribute to performance in 1994 and beyond. Less measurable but equally important are the productivity improvements that will be realized as the work represented by those 1,200 positions is redesigned. The efforts of our employees to find new and better ways to do their jobs will be a critical prerequisite for our future competitiveness.

Second, the company wrote down certain non-beer assets to their estimated economic value. This write-down was necessitated by changes in a few of our markets and the resulting impact on related asset valuation. This 1993 reduction in asset values will result in lower depreciation in 1994 and the years to come.

The other components of the Profitability Enhancement Program will also help improve earnings in the short term, but their main contribution will be longer-term. The popular phrase is "reengineering" or "process improvement." Whatever it is called, the task requires the participation of all employees at all levels as employee-generated changes are recommended, reviewed and implemented.

Three major steps toward reengineering our operations were announced as part of the Profitability Enhancement Program.

Three major steps toward reengineering our operations were announced as part of the Profitability Enhancement Program.

First was an acceleration of plans to modernize our breweries. Using our newest brewery in Cartersville, Ga., as a benchmark, we have identified capital projects in each brewery which—along with increased employee involvement and process improvement—will increase quality and reduce costs. Since its opening last year, the Cartersville brewery has embraced the CTE philosophy as a way of life. All employees function as contributing partners in the operation with minimal supervision. The physical enhancement now planned at our other breweries will allow for the same environment that has proven so effective in Cartersville.

Second, we have begun a reorganization of our food operations. Campbell Taggart and Eagle Snacks facilities will undergo further modernization and some consolidation. The headquarters of the two companies are being moved to St. Louis to take advantage of staff efficiencies available by their proximity to the corporate headquarters.

The final significant component of our Profitability Enhancement Program was a renewed commitment to the development and marketing of premium beer brands. Cost reductions represent significant profit opportunity, but the revenue side of the equation is equally important.

Budweiser's new "Proud To Be Your Bud" campaign, introduced last April, contributed to a 1.5% increase in beer sales to retailers from May through December. In addition, Ice Draft from Budweiser—recently rolled out nationally—is a new premium-priced product with strong consumer appeal.

Our biggest challenge with our emphasis on the premium segment is to continue to provide beer drinkers with the quality products they demand at a price that demonstrates real value. Put another way, we have decided to moderate our price increases on our premium brands rather than emphasize our sub-premium-priced brands. We will continue to offer the consumer the highest quality products, priced competitively, and focus on reducing costs to maintain adequate margins.

In addition to the Profitability Enhancement Program, other measures have already been enacted to better control costs. A good example is the managed care program for employees, which we introduced in April 1993. This program, which is designed to help us better control spiralling health-care costs without sacrificing the quality of medical care for our employees, is already beginning to have a positive impact on our costs. For 1994, 58% of eligible employees selected the managed care option.

The other significant accomplishment I want to highlight was the extraordinary progress we made in the international arena. Over the last 12 years, Anheuser-Busch International has put a solid foundation in place for the global expansion of our beer business. In 1993, we took action to more aggressively position the company as the leading worldwide brewer.

Last year we reached three important international agreements. In June, Anheuser-Busch purchased for $477 million a 17.7% equity interest in Grupo Modelo—Mexico's largest brewer and the producer of Corona, Mexico's top-selling beer. The agreement gives Anheuser-Busch options to increase its investment to 35% in Modelo and to acquire an additional minority interest in Modelo's subsidiaries. Modelo will remain the exclusive importer and distributor for Budweiser and other Anheuser-Busch brands in Mexico.

Over the last 12 years, Anheuser-Busch has put a solid foundation in place for the global expansion of our beer business.

In Japan, Anheuser-Busch established a joint venture with Kirin Brewery to market and sell the Budweiser brand and, in the future, other Anheuser-Busch beer brands. The joint venture, called Budweiser Japan Company Ltd., is 90% owned by Anheuser-Busch, 10% by Kirin. The new company, which began selling Budweiser in September 1993, represents Anheuser-Busch's first investment in an international joint venture that will support the sale of its beers. We believe that this joint venture will accelerate the growth of Budweiser—currently the largest-selling brand in the international category in the Japanese beer market—and boost its share of market to greater than 5% in 10 years.

Finally, Anheuser-Busch has purchased a 5% interest in China's largest brewer, Tsingtao Brewery Co. Ltd. Tsingtao produces Tsingtao beer, one of the largest-selling beers in China and the largest Chinese exported brand, sold in 32 countries. The $16.4 million purchase occurred in conjunction with Tsingtao's initial public offering of shares on the Stock Exchange of Hong Kong, where Tsingtao is the first mainland Chinese company to be listed on the local exchange. This investment has strategic importance for our international business development because of the enormous potential of the Chinese beer market, which has grown at a 14% rate over the past five years and is projected to have a 10% annual growth rate for the foreseeable future. Market growth plus population growth should make China one of the world's largest beer markets.

These new partnerships, as well as continued growth in existing markets, will greatly enhance our global presence.

I encourage you to review the special section following page 16, which discusses our international initiatives in detail. We are enthusiastic about the potential of the world beer market and are actively pursuing global opportunities.

Clearly, 1993 has been a challenging and eventful year for your company. We have maintained our position in a difficult economic and competitive environment. We have acted aggressively to ensure the continued profitability of your company. And we are pursuing exciting opportunities on a global scale.

Given the quality of our products, the enthusiasm of our employees and wholesalers, and the solid skills of our people, I am confident that 1994 will be a year of accomplishment and growth for Anheuser-Busch.

August A. Busch III
Chairman of the Board and President
February 7, 1994

Anheuser-Busch Companies, Inc., is a St. Louis-based diversified corporation whose subsidiaries include the world's largest brewing organization, the country's second-largest producer of baked goods and the country's second-largest theme park operator.

Anheuser-Busch Companies

CORPORATE MISSION STATEMENT

Anheuser-Busch's corporate mission statement provides the foundation for strategic planning for the company's businesses.

The fundamental premise of the mission statement is that beer is and always will be Anheuser-Busch's core business. In the brewing industry, Anheuser-Busch's goals are to extend its position as the world's leading brewer of quality products; increase its share of the domestic beer market to 50% by the late-1990s; and extend its presence in the international beer market. In non-beer areas, Anheuser-Busch's existing businesses in food products, packaging and entertainment will continue to be developed.

The mission statement also sets forth Anheuser-Busch's belief that the cornerstones of its success are a commitment to quality and maintaining the highest standards of honesty and integrity in its dealings with all stakeholders.

SOCIAL/ENVIRONMENTAL RESPONSIBILITY

During 1993, Anheuser-Busch Companies and its charitable foundations contributed more than $28 million to nonprofit organizations. Anheuser-Busch has a long-standing commitment to the communities where it operates breweries and other major facilities. The company's corporate contributions program is designed to benefit, strengthen and support those communities through donations to a broad range of local nonprofit organizations.

In addition, Anheuser-Busch supports many organizations that work for minority economic development, preservation of cultural heritage, educational

As part of the company's "Make the Right Call" program, former critical-care flight nurse Barbara Babb communicates to high school and college students the consequences of underage drinking and drunk driving.

Employees of Sea World of California participate in San Diego's "Adopt-A-Beach" program to help keep area beaches clean and litter-free.

opportunities and leadership development, including the Lou Rawls Parade of Stars telethon to benefit the United Negro College Fund, the National Hispanic Scholarship Fund and the Asian Business Association.

Anheuser-Busch also supports various national organizations, including the American Red Cross, United Way, Salvation Army and the U.S.O., and continues to provide financial assistance to independent scientific and medical research programs in the area of alcoholism and alcohol abuse.

Finally, Anheuser-Busch is committed to preserving our natural heritage. In 1991 the Board of Directors appointed a senior-level Environmental Policy Committee which reports directly to the Audit Committee of the board. During 1993, Anheuser-Busch Companies, Inc. and some of its subsidiaries won 12 awards for environmental achievements from a number of organizations, including Renew America; the state of California; the town of Merrimack, N.H.; the Williamsburg Chamber of Commerce; the Fairfield City Council; and the city of Houston.

CONSUMER AWARENESS AND EDUCATION

Anheuser-Busch has long believed that it is in the company's—and society's—best interest to play an important role in the fight against alcohol abuse. Eleven years ago, with the launching of the "Know When To Say When" campaign, the company began an aggressive effort to promote personal responsibility among adults who choose to drink. Today, with programs under way to fight drunk driving and illegal

underage drinking, Anheuser-Busch and its nationwide team of wholesalers lead the industry in promoting alcohol awareness and education.

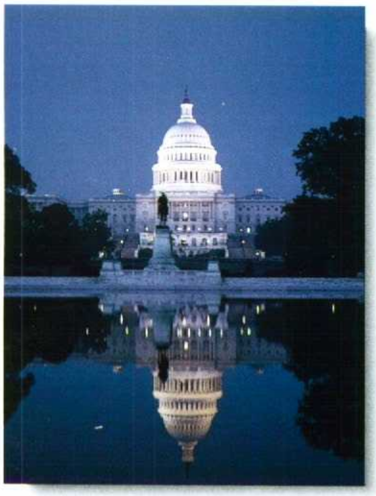
The foundation of these efforts is more than a dozen community-based alcohol awareness and education programs that translate the message of personal responsibility into action in the home, in schools and where alcohol is served and sold. Programs like "Family Talk About Drinking" help parents talk openly with their children about alcohol, family rules and respect for the law. "Make the Right Call," a presentation by former emergency helicopter nurse Barbara Babb, communicates to high school and college students the consequences of underage drinking and drunk driving. Programs for on-premise retail establishments (bars and restaurants) include promoting the use of designated drivers, training bartenders and servers in techniques for serving alcohol beverages responsibly, and providing materials to help spot fake IDs.

The company complements these programs with national and local advertising which promotes personal responsibility. The most recent of these ads salutes designated drivers and servers of alcohol beverages, whose efforts have helped contribute to a 32% decline in drunk-driving fatalities over the last decade among the general population, and a 60% decline among teens.

INDUSTRY AND GOVERNMENT AFFAIRS

Anheuser-Busch Companies has always been a constructive participant in national, state and local public policy debates that affect the well-being of the company and its stakeholders. With the assistance of legislative representatives in several major metropolitan areas, in every state capital and in Washington, D.C., the company's Department of Industry and Government Affairs is well-positioned to defend company interests throughout the United States. The department also monitors international developments through consultants retained around the globe.

A major issue facing all Americans in 1994 is national and state taxes. Despite the fact that the federal excise tax on beer was doubled in 1991—the largest such increase in our nation's history—pressures for further increases are expected to continue in 1994. Similarly, many states are actively considering raising beer taxes in response to growing financial pressures. Based on past experience dealing with discriminatory tax increases, and on the growing recognition that beer taxes fall unfairly on average Americans, Industry and Government Affairs is well-prepared to address this issue.



Similarly, proponents of mandated warning messages on all alcohol beverage advertisements must overcome the vast preponderance of available evidence, which shows that advertising does not contribute to abusive or underage drinking. Based on the great weight of available research, and on the company's ability to effectively communicate its position on political issues, action on ad warnings is unlikely.

Anheuser-Busch also works to underscore the vital distinction between abusive and responsible drinking, a distinction that is especially important in the public policy arena. In that context, the company encourages policymakers to take into account the growing body of scientific literature reporting that moderate consumption of alcohol can lower the risk of coronary artery disease—the leading cause of death in America.

HUMAN RESOURCES

Anheuser-Busch Companies' commitment to quality is reflected in both its products and its people. The company recognizes the importance of human resources in the continued growth and success of its business operations and is dedicated to providing its employees with financially rewarding work and continuing opportunities for personal development.

Corporate Human Resources aligns human resources programs with the business plan of the company. A major focus of the company's training and development program is support of the Commitment to Excellence (CTE) philosophy, which focuses on improved profitability, continuous improvement and customer service.

During 1993, Anheuser-Busch, Inc. sold an industry record of 87.3 million barrels of beer and maintained market share at 44.3%.

Beer and Beer-Related Operations

ANHEUSER-BUSCH, INC.

Anheuser-Busch, which began operations in 1852 as the Bavarian Brewery, ranks as the world's largest brewer and has held the position of industry leader in the U.S. since 1957. More than four out of every 10 beers sold in the U.S. are Anheuser-Busch products.

In 1993, Anheuser-Busch, Inc. sold a record 87.3 million barrels of beer, an increase of five-tenths of one percent compared to 1992 sales of 86.8 million barrels. Anheuser-Busch maintained its market share in 1993, with sales volume representing approximately 44.3% of total brewing industry sales (including imports and nonalcohol beverages) as estimated by The Beer Institute.

Products/Marketing Strategy

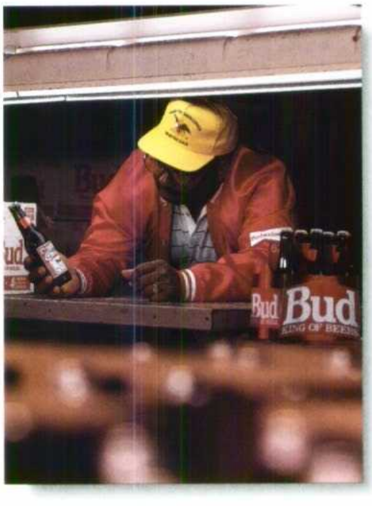
Anheuser-Busch's naturally brewed products—which include 15 beer brands, a nonalcohol brew and three high-quality imports—did very well overall in 1993.

Budweiser remains the King of Beers and continues to dominate across all demographic segments. In 1993 Budweiser's sales trend improved, due in part to the new "Proud To Be Your Bud" advertising campaign, which was launched in late April.


MICHELINO'S
Bud
Budweiser
BUD LIGHT

In October 1993, Anheuser-Busch introduced a new premium product—Ice Draft from Budweiser. Launched in 14 states, the brand is being rolled out nationally in 1994, enhancing the company's premium brand mix.

Bud Light had an excellent year in 1993, driven by a new "Make It a Bud Light" humorous ad campaign and by extending to additional markets the successful "Spotlight" promotion, which features Bud Light drinkers in TV commercials. The brand's double-digit growth continues to outpace its major competitors in the light category, and Bud Light is well-positioned to become the leading light-beer brand in the U.S.



Bud Dry is positioned as an alternative brand for those consumers who want a light, easy-drinking taste with the alcohol content of regular beer. The brand's marketing programs have been refocused toward contemporary adult consumers.

A new premium-priced beer, Ice Draft from Budweiser, was introduced in late 1993 in 14 states, with a full national rollout scheduled for early 1994. Ice Draft is brewed with a unique "ice brewing" process during which ice crystals are formed. The beer is then cold filtered. This process gives Ice Draft a unique taste that is rich, smooth and easy to drink. Equally unique is the packaging, which features painted-label clear-glass bottles. Ice Draft's advertising invites consumers to "Taste the Future of Draft Beers."

Sales trends for the Michelob family—Michelob, Michelob Light, Michelob Dry and Michelob Classic Dark—improved in 1993, driven by the success of the "Some Days Are Better Than Others" ad campaign and by new, more flexible promotion and display activity. Michelob Golden Draft and Michelob Golden Draft Light, which were introduced into five new states in 1993, are now available in 10 states.

The Busch family maintained solid growth in 1993 and continues to dominate the popular-price segment. The Busch brand is the fifth-largest-selling beer in the U.S. and the second-largest-selling regular-alcohol beer—second only to Budweiser. Busch Light, which delivered double-digit volume growth for the third consecutive year, continues to be one of the fastest-growing beer brands in the U.S. The Busch family is supported by the "Head for the Mountains" western advertising theme.

Natural Light remains the number one light brand in the sub-premium-price category and enjoyed its tenth consecutive year of double-digit growth. It is the seventh-largest-selling brand in the country. Natural Pilsner—a regular-calorie companion brand to Natural Light—continues to be marketed in seven states with positive results.

O'Doul's—Anheuser-Busch's nonalcohol brew—continues to experience strong growth, with sales increasing at double-digit rates since its introduction in 1990. Advertised as "What Beer Drinkers Drink When They're Not Drinking Beer," O'Doul's is the market leader in the nonalcohol segment.

Sales of King Cobra, the fourth-largest-selling malt liquor in the U.S., grew in excess of the category in 1993.

The company also imports three brands from Denmark—Carlsberg, Carlsberg Light and Elephant Malt Liquor. These brands performed well in 1993.

Expansion and Modernization

Anheuser-Busch continued to optimize operating efficiencies through process improvements and modernizations such as the company's brew house expansion in St. Louis, which was completed in 1993.

In addition, the company's 13th brewery began operations in 1993 in Cartersville, Ga. The most modern and efficient of Anheuser-Busch's breweries, it will provide 6.5 million barrels annually of new capacity when completed.

Distribution

Anheuser-Busch wholesalers and company-owned wholesale operations together provide the industry's most effective distribution system, setting standards of excellence and leadership with innovative operations and programs.

Approximately 900 independent wholesalerships distribute Anheuser-Busch beers throughout the United States. Communication—a key strength of Anheuser-Busch's distribution system—is enhanced by the Anheuser-Busch Wholesaler Advisory Panel, which offers wholesalers and company management the opportunity to openly discuss—and act upon—key company and industry issues.

The Wholesale Operations Division of Anheuser-Busch operates 10 company-owned distributorships around the country. The division's mission is to increase sales volume by improving customer satisfaction, developing future corporate managers and creating advanced systems for the company and its independent wholesalers.

The Anheuser-Busch Investment Capital Corporation (ABICC), formed in 1984 to share equity positions with qualified partners in Anheuser-Busch distributorships, is currently invested in 21 wholesalerships. These investments provide the operating general partners the opportunity to function as independent wholesalers while increasing their equities and building toward total ownership.

ANHEUSER-BUSCH INTERNATIONAL, INC.

Anheuser-Busch International, Inc. (A-BII) was formed in 1981 to explore and develop the international beer market. A-BII is currently pursuing the dual objectives of building Budweiser's worldwide presence and establishing a significant international business operation through joint ventures and equity investments in foreign brewers.

A-BII posted good volume and profits in 1993, reflecting growth in existing markets and aggressive export expansion. Anheuser-Busch brands are now exported to more than 60 countries and brewed under Anheuser-Busch's supervision in five countries.

In addition to Budweiser (known as Bud in some countries), brands distributed or contract-brewed include Bud Light, Bud Dry, Busch, Busch Light, Michelob, Michelob Light, Michelob Dry and O'Doul's.

Europe

Anheuser-Busch European Trade Ltd. was formed in 1990 to develop the sales, distribution and marketing of Anheuser-Busch beer brands in Europe. European sales continue to outperform the industry, with volume up more than 30% in 1993. Anheuser-Busch now trades in 21 European countries, including 11 of the 12 EEC member states.

In the Republic of Ireland, Budweiser has been brewed, marketed and distributed since 1986 under a licensing agreement with Guinness-Ireland. The brand achieved volume growth of 20% in 1993 and is firmly established as the number two lager beer brand, with a number one position in the Dublin lager beer market.

A milestone was reached in the U.K. and Ireland in 1993, with sales exceeding one million barrels. In the U.K. in 1993, Budweiser moved up to become the number two premium packaged lager in the market.

O'Doul's is the market leader among nonalcohol brews. Sales have increased at double-digit rates since its introduction in 1990.

Anheuser-Busch International experienced good growth in all operating regions in 1993. With a 9% market share worldwide, Anheuser-Busch has the largest export volume of any U.S. brewer.

Far East

In Japan, Budweiser has been distributed since 1981 and is the leading international beer brand in that country, with a share of approximately 50% of the international category. A joint venture established in 1993 between Anheuser-Busch and Japan's Kirin Brewery, operating as Budweiser Japan Company Ltd., has control of the marketing, sales and distribution of Budweiser in Japan.

Under a license-brewing agreement with Oriental Brewing Co., Ltd. of Seoul, South Korea, Budweiser has established a share in excess of 70% of the international beer brands category in that country.

In China, Anheuser-Busch invested $16.4 million in 1993 for a 5% stake in China's largest brewer, Tsingtao Brewery Company Ltd. The purchase occurred in conjunction with Tsingtao's initial public offering of shares on the Stock Exchange of Hong Kong. This initial 5% purchase is a strategic investment which is intended to lead to additional commercial and investment relationships between the two companies.

Busch Agricultural supports the corporation's environmental commitment through its Nutri-Turf operations, which use land application of process water to produce turf and silage crops.

Americas

In Canada, Budweiser and Bud Light are brewed and distributed under license by Labatt Brewing Company. Canada currently represents the largest sales volume market for Budweiser outside the United States. In addition, Michelob, Busch and O'Doul's are exported to Canada.

In Mexico, Anheuser-Busch acquired a 17.7% interest in Mexico's leading brewer, Grupo Modelo, S.A.—and its subsidiaries—for $477 million. Anheuser-Busch has options to increase its ownership of Modelo to 35% and to acquire additional minority interests in Modelo's subsidiaries. The agreement gives Anheuser-Busch three seats on Modelo's board and includes a rotation of executives between the companies in the key areas of planning, finance, marketing, brewing and operations.

The relationship between Anheuser-Busch and Modelo began in 1989 with the introduction of Budweiser to Mexico under an export distribution agreement. The Budweiser brand continued its strong performance in Mexico in 1993, with sales volume up 12%.

Exports to other markets in Central and South America performed well, and new market opportunities are continually being explored.

(For a more in-depth look at Anheuser-Busch's international initiatives, including interviews with key executives, see the special pull-out section which begins on the facing page.)

BUSCH AGRICULTURAL RESOURCES, INC.

Busch Agricultural Resources continues in its primary role of supporting Anheuser-Busch, Inc. in the areas of high-quality raw materials supply and land application of process water.

Domestic facilities include three malt plants; two rice mills; two rice research centers; a barley research center; 12 barley elevators; four seed processing plants; a hop farm; and four Nutri-Turf operations. The Nutri-Turf operations are designed to significantly reduce utility expenses at two breweries and two snack plants through land application of process water.

AN EXPANDING GLOBAL PRESENCE

After 12 years of behind-the-scenes preparations, Anheuser-Busch International (A-BII) is stepping into the spotlight.

During the last year, Anheuser-Busch has announced several important agreements with other leading brewers around the world, including Modelo in Mexico, Kirin in Japan, Tsingtao in China and Peroni in Italy.

These agreements are part of A-BII's clearly focused, two-pronged strategy of investing internationally through both brand and partnership development.

On the brand side, "A-BII plans to develop Budweiser into a leading international premium brand in major worldwide markets while marketing other A-B brands in supporting roles," notes Steve Burrows, A-BII president and chief operating officer.

On the partnership front, A-BII will continue to identify, execute and manage significant brewing acquisitions and joint ventures, partnering with the number one or number two brewer in growing markets. This strategy will allow A-BII to actively participate in beer industries around the world by investing in leading foreign brands, such as Corona in Mexico through Modelo. A-BII's goal is to share best practices with its partners, allowing an open interchange of ideas that will benefit both partners.

John Koykka (left) and Steve Burrows

IT'S "CURTAIN UP" ON INTERNATIONAL EXPANSION

Jack Purnell, A-BII chairman of the board and chief executive officer, points to the globalization of U.S. culture, the trend to lighter beverages, the fall of trade barriers and the emergence of many newly attractive countries as favorable developments for international expansion.

"There is a revolution going on in the world right now that probably won't happen again in our lifetime or in our sons' or daughters' lifetimes," he notes. "The leftist elements no longer have champions, and we are seeing formerly communist and centrally run socialist governments move toward free enterprise systems."

Jack Purnell

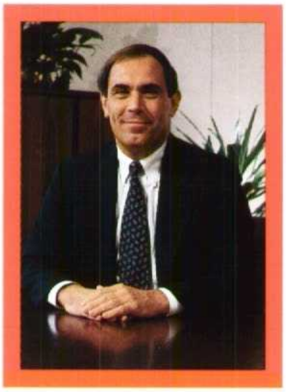
"This political change has created an environment that makes investment feasible in parts of Asia, Europe and Latin America that we wouldn't even have considered 10 years ago," comments John Koykka, A-BII chief financial officer and executive vice president of development.

At the same time, Jack is quick to point out that the world wasn't necessarily waiting for an American beer. The groundwork had to be slowly and painstakingly laid.

"Fortunately, 12 years ago Anheuser-Busch had the vision to identify the international beer business as an attractive area for long-range development, and we have invested a dozen years plowing the ground and planting the seeds," remarks Jack. "So we are able to capitalize on the trends that are making this an opportune time to pursue international expansion. We now have a capable core of international executives and many of the relationships we have been nurturing around the world are now developing into solid partnerships, allowing us to take advantage of the current environment. For example, the Modelo agreement was actually nine years in the making. Building a good relationship with the management of that company was key to our ability to reach an agreement that represented a 'win' situation for both companies."

And now that A-BII has begun to establish a higher-profile international presence, just how high has A-BII set its expectations in the global market?

"At this point we just don't know how high 'up' is," Jack declares. "We're actively pursuing five of the world's top 10 beer markets—but we still have a lot of the world left to work on."



Bob Gunthner

Q: *What are the goals for the Americas?*

A: We have two objectives: to build the Budweiser brand and to put together equity partnerships similar to the one we have with Modelo. We know from experience that the most effective way to build a brand is to establish partnerships where everyone has a vested interest. We're actively working toward that end, and we think that the Americas will offer great volume and profit potential in the future.

Q: *What factors influence the decision whether or not to enter a particular country?*

A: We look at its economic makeup, the size of the current beer market, brand potential, margin pool and, of course, the stability of its economy and government.

Q: *What countries offer the greatest potential in the Americas?*

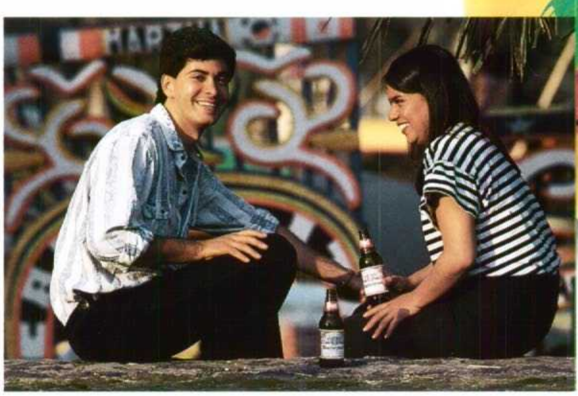
A: The largest markets in the Americas are Canada (where we have had a successful licensing agreement with the Labatt Brewery), Mexico (where we have been distributed by Cervezas Internacionales), Brazil, Argentina, Chile, Columbia and Venezuela.

Q: *Are we looking to form license-brewing arrangements with local brewers?*

A: No. We are more interested in equity arrangements, similar to the one we developed with Modelo in Mexico. Right now, Budweiser is imported, which makes it two to three times higher in price than local beers. So it's largely an upscale, niche market brand at this time. An equity arrangement could lead to local production and would allow us to market our brands at a more competitive price.

Q: *Why did we develop our first equity agreement in the Americas with a brewer in Mexico?*

A: First, Mexico is right next door. Second, the demographics look very good. It has a very young population, which means we can expect the market to grow by about 4% annually over the next few years. Third, there has been a significant rise in personal income over the last few years. And finally, per capita consumption is low compared to the U.S., which means there is great growth potential.



Q: *Why Modelo?*

A: Modelo is a company with many of the same values as A-B. It takes pride in the quality of its products and its people. It is extremely well run and, in Corona, possesses one of the finest international brands in the world.

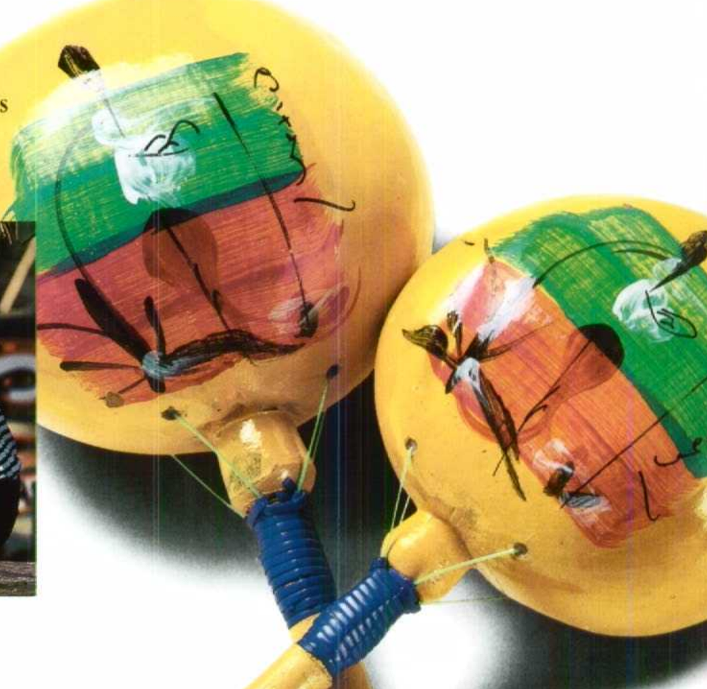
Our partnership provides us an opportunity to learn from one another. We have exchanged executives and are represented on each other's board of directors. The world is changing, and seems to be getting much smaller. It makes sense for leaders like Anheuser-Busch and Modelo to work together to ensure our future success in the world market.

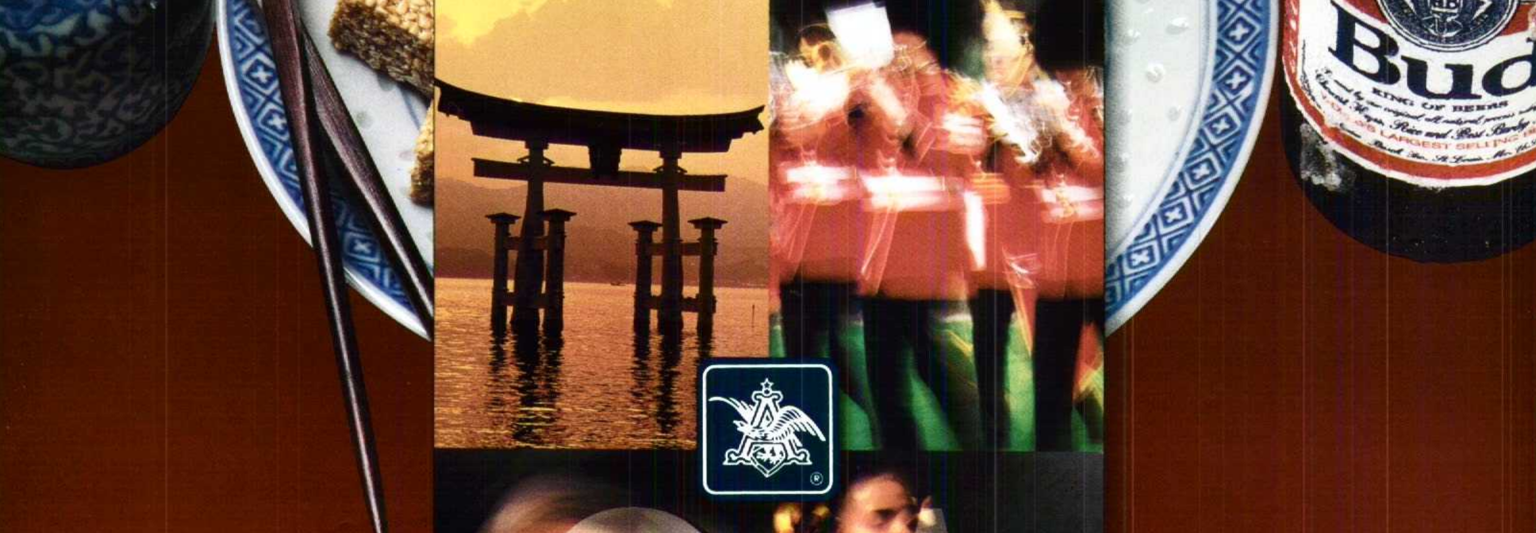
Q: *Will Budweiser be brewed in Mexico?*

A: That's not one of the goals of our partnership with Modelo. First of all, Modelo is already brewing at full capacity and is not able to take on any outside brewing arrangements. Also, we are able to brew beer for Mexico at our Houston and Los Angeles breweries, which are not very far away and do not add significantly to our transportation costs.

Q: *What's the situation in Canada?*

A: Canada remains our largest Budweiser market outside of the U.S. The industry there is faced with many of the same challenges present in the U.S. market. That includes an aging population, little industry growth and increased price competition. Nevertheless, Budweiser remains strong. In the last year, new brand introductions have taken 17% of the market—but virtually nothing from Budweiser, which lost only half a share point.





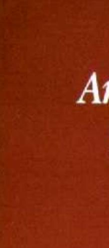
If it's touted in Tokyo, will it soar in Santiago? Anheuser-Busch International directors responsible for marketing Budweiser in Europe, the Americas and the Far East discuss the nuances and prospects for success in their respective regions.

Anheuser-Busch/Far East

Johnson Leung

Q: *What are our goals in Japan?*

A. Japan is the world's fourth- largest beer market, and we are accelerating our efforts to build the Budweiser brand there. As part of our joint venture with Kirin, we hope to bring our "total marketing" strategy to Budweiser Japan Company and gain insight and knowledge about the Japanese beer industry from our partners at Kirin. We think both will help us gain market share in the highly complex Japanese beer market. Our goal is to make Budweiser a mainstream brand in Japan within 10 years.



Q: *Could you give us some background on our new agreement in China?*

A. As you know, the population of China is very large. In addition, per capita consumption is very low. Those two factors would make it a logical market for us to develop. However, until recently, the political climate was simply not conducive to business development, especially by foreign companies. But recently the government has become more open to business development from outside the country. So the time was right for us to consider entering China. Tsingtao is the largest and most respected brewer in the country.

Our fundamental goal is to make agreements of this type a "win" situation for both parties. We knew that Tsingtao was being approached by other western brewers, so we assembled a multi-disciplinary team of Anheuser-Busch employees, all of whom spoke Chinese. The other brewers came with interpreters. By bringing in our own people, we immediately established a good rapport between our companies, and Tsingtao was much more receptive to our offer.

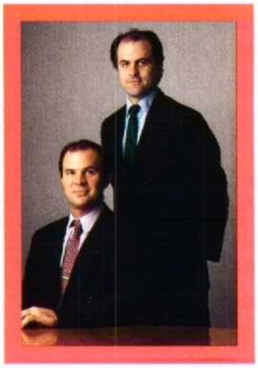
Our goal is to combine our brands and resources with Tsingtao's and possibly other Chinese partners to capitalize on the predicted high growth for the brewing industry in China.

Q: *Can you give us an update on other activities in the Far East?*

A. Korea is a growing market, and we will continue to be locally brewed there by Oriental Brewing Company. Other areas of current development focus include Taiwan, Micronesia, Hong Kong, Singapore and Tahiti.

Q: *Are there any similarities among these diverse markets?*

A. Many of the Far East markets share a Confucian ethic, which includes respect for elders, the golden rule and a belief that the common good supersedes the needs of the individual. But the countries differ greatly in most other respects. We're still learning, but I think the companies we're dealing with have come to realize that we do have things to bring to the local market, that we're serious about our efforts and that we are committed to the market. We've established our credibility, and that will open a lot of doors for us in the future.



Jan Lambrecht (left) and Christopher Stainow

Q: *Many Europeans are used to drinking the heavier-tasting beers brewed in their region. How do you position Budweiser in these traditional markets?*

A: **LAMBRECHT:** We realize that we may have difficulty converting many traditional beer drinkers to Budweiser. But we are seeing that more and more consumers are trying and enjoying our products. There is a growing trend toward the refreshing taste profile of Budweiser.

STAINOW: We've come a long way since Budweiser was introduced to Britain in the mid-80s, when the British consumer associated the light color and taste of American brews with lower-quality, weaker beers. Europe was definitely not crying out for another beer, particularly one that tasted so different from what consumers were used to. We quickly recognized that we must focus on brand building.

In other words, we couldn't market just another beer, because when you say "beer" to Europeans, they bring certain taste expectations to the product. But if you market a brand—"Bud"—consumers come with open minds, without preconceived notions about what to expect. The brand stands on its own merits, as a unique product.

Q: *What about the market situation in mainland Europe?*

A: **LAMBRECHT:** Most European economies continue to be in recessions and their currencies have depreciated relative to the dollar, which results in a higher cost for our products. This is one of the reasons why we will be actively looking to source our product locally. In addition, local production will enable us to provide shorter lead time to our wholesalers and therefore fresher beer to our consumers.

Despite the adverse economic and exchange rate situation, our volume on the continent is growing, and we have laid the foundation on which to build a solid business.

Q: *In what parts of Europe do we expect to be most successful?*

A: **LAMBRECHT:** For marketing purposes, we have divided Europe into three horizontal sections which we call the spirit belt, the wine belt and the beer belt. The beer belt, which includes such countries as Germany, Austria and Belgium, consists of very traditional beer drinkers who are loyal to their locally brewed beers. Therefore, we will employ a longer-term brand-building strategy in this area.

We are expanding our activity in the spirit belt, which includes most of the Scandinavian countries, where the industry is highly regulated and restrictive. We anticipate structural changes in these markets as they prepare to enter the EEC, which should create opportunities for Budweiser.

Our best short-term opportunities are in the south—or wine belt—which includes Spain, Italy, France, Greece and Portugal. Brand awareness of Budweiser is already very high in these countries, and we will be concentrating our efforts in this region.

Q: *What is the state of the market in Ireland and the U.K.?*

A: **STAINOW:** Unlike the rest of Europe, which is having economic problems, the U.K. is coming out of a recession, so there is more disposable income. People are drinking less, but better. They're trading up to premium brands, which works to our advantage. The beer market overall is in a decline, but the premium lager segment is increasing. Budweiser competes in this category and is one of the most buoyant brands. In 1993 in the U.K., Budweiser became the number one premium bottled lager in on-premise accounts and the number three lager in off-premise accounts.

In Ireland, where we have a license-brewing agreement with Guinness, Budweiser continues to do extremely well, capturing 12% of the lager market overall and 25% in Dublin.

Q: *What is our greatest strength in Europe?*

A: **LAMBRECHT:** We own one of the most recognizable trademarks in the world, and we do not have to "introduce" the brand as such. The globalization of movies, sports programs and music have helped bring the American culture to Europe, and Bud is very much a part of that culture.

STAINOW: I agree. On a general level, the U.K. shares a language with America, and the cultural bridge between the two countries is well established. This is particularly relevant in the areas of film, television, fashion and music, where U.K. target drinkers relate to images from the U.S.

The label and the Budweiser name are symbols of America in their own right—distinctive badges that are recognized by the consumer. In our marketing, we therefore link the brand firmly to America. But the association is with American values of real worth—not glitz, glamour or brashness. If portrayed correctly, America is a country with deep-rooted traditions and values—the values of the pioneers, who were "real" people with "real" values. Our "Budweiser—The Genuine Article" campaign, which sends a consistent message that Budweiser is the genuine beer of America, uses images that are obviously American but which portray enduring, real values. The campaign also promotes the quality credentials of the brand.

Q: *What is the Budvar situation?*

A: **LAMBRECHT:** Recently the Czech government announced that the Budejovicky Budvar brewery will soon be privatized, and a subcommittee in the Czech government has been appointed to oversee the privatization. Anheuser-Busch has been chosen as the exclusive foreign brewing candidate for negotiations on Budejovicky Budvar's privatization. The two sides have agreed to negotiate a strategic partnership involving a minority equity participation for Anheuser-Busch in Budejovicky Budvar and a trademark settlement that would allow for both breweries to market their beer brands globally without conflict or confusion.

WHERE IN THE WORLD IS BUDWEISER?*

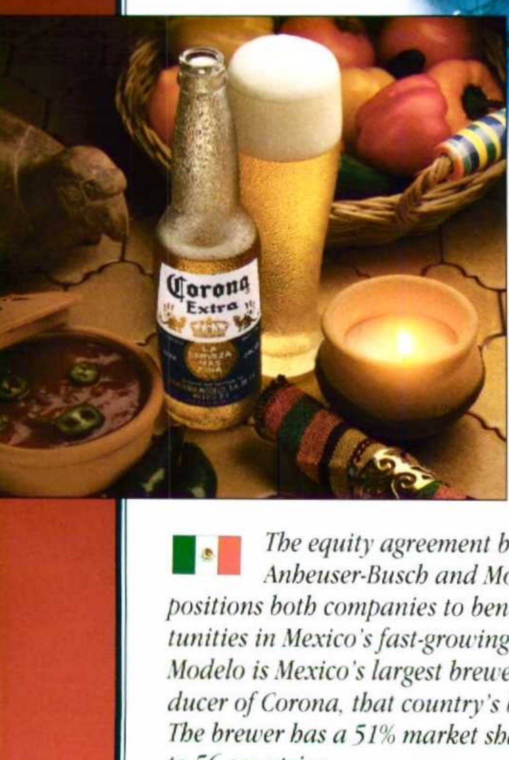
Abu Dhabi
American Samoa
Argentina
Australia
Bahrain
Belgium
Belize
Brazil
C. African Republic
Canada
Canary Islands
Chile
China
Costa Rica
Cyprus
Denmark
Dubai Island
Ecuador
Egypt
El Salvador
Finland
France
Gibraltar
Greece
Guatemala
Guinea
Hong Kong
Iceland
Ireland
Israel
Italy
Ivory Coast
Japan
Johnson Atoll
Korea
Liberia
Malaysia
Malta
Mexico
Micronesia
Morocco
Netherlands
New Zealand
Oman
Panama
Paraguay
Russia
Singapore
Spain
Sweden
Switzerland
Tahiti
Taiwan
United Kingdom
United States
Venezuela

**Distribution through primary wholesaler/importer networks, not sales through secondary sources, military installations or embassies.*

With headquarters in St. Louis, Mo., Anheuser-Busch is the world's largest brewer. It has a 44.3% market share in the U.S., a 9% share worldwide, and is the leading U.S. brewer in terms of export volume, accounting for more than 45% of all U.S. beer exports.

Sponsorships help Anheuser-Busch associate the Budweiser name with quality sporting and entertainment events around the world. The Budweiser Irish Derby in Dublin is one of the premiere sporting events in Europe.

Anheuser-Busch has formed a partnership with Italy's largest brewer, Peroni, to market and distribute Budweiser under the Bud label. The agreement will also facilitate the expansion of the brand in the Mediterranean region.



Football (soccer) is popular in Argentina — and Budweiser has successfully linked itself with the sport to increase brand awareness. Argentina is one of the largest beer markets in the Americas.

The equity agreement between Anheuser-Busch and Modelo strongly positions both companies to benefit from opportunities in Mexico's fast-growing beer market. Modelo is Mexico's largest brewer and the producer of Corona, that country's best-selling beer. The brewer has a 51% market share and exports to 56 countries.

The Budweiser name is becoming known in parts of the world long closed to Western influence—even Moscow's Red Square.

The launching of Budweiser Japan, Ltd., a joint venture between Anheuser-Busch and Japan's number one brewer, Kirin, was accompanied by fanfare and ceremony. The new venture will market, sell and distribute Budweiser in Japan and will help Anheuser-Busch achieve its goal of making Budweiser a mainstream brand in that country within 10 years.

Anheuser-Busch has purchased an initial 5% interest in Tsingtao Brewery Company, China's largest brewer. Tsingtao is one of the best-selling beers in China and the largest Chinese exported brand. It is sold in 32 countries and is China's number one exported beer to the U.S.

ANHEUSER-BUSCH RECYCLING CORPORATION

Anheuser-Busch Recycling Corporation (ABRC), which operates six processing facilities around the country, had a very successful year in 1993, recycling more than 600 million pounds of used aluminum beverage cans—the equivalent of more than 100% of the Anheuser-Busch beer cans that are sold. In addition, ABRC recycled 195 million pounds of glass (362 million bottles) and 60 million pounds of paper goods.

ABRC operations reflect Anheuser-Busch's concern for reducing litter, reclaiming vital raw materials used in packaging, addressing the country's solid waste problem and providing a positive alternative to mandatory deposit legislation. More than 1,000 Anheuser-Busch, Inc. wholesaler operations and other recycling organizations are active in the voluntary recycling programs established and supported by ABRC.

In 1993, Anheuser-Busch Recycling Corporation recycled the equivalent of more than 100% of the Anheuser-Busch beer cans that are sold.

METAL CONTAINER CORPORATION

Metal Container Corporation (MCC), the third-largest U.S. aluminum beverage container manufacturer, increased its market share to 17% in 1993. MCC operates 11 can and lid plants around the country.

In addition to supplying the majority of its output to Anheuser-Busch, Inc., Metal Container has established commercial partnerships with several major soft-drink bottlers throughout the United States. The subsidiary also sells some containers in export markets.

BUSCH CREATIVE SERVICES CORPORATION

Busch Creative Services Corporation, Anheuser-Busch's creative marketing communications subsidiary, continued to diversify its client base for its major product lines—sales promotion and business meetings—in 1993.

Busch Creative's subsidiaries include Innervision Productions, Inc., a video production and post-production company, and Optimus, Inc., the leading supplier of film and video editorial services to the Chicago advertising community.

ST. LOUIS REFRIGERATOR CAR COMPANY/ MANUFACTURERS RAILWAY COMPANY

St. Louis Refrigerator Car Company, in business since 1878, rebuilds, repairs and maintains railcars for major railroads and fleet operators at three shops in Missouri and Illinois. The company achieved record sales in 1993 as market share continued to grow.

Manufacturers Railway Company, which was 106 years old in 1993, provides rail-switching services to St. Louis industries. Its fleet of railcars is used by Anheuser-Busch and other shippers. Manufacturers Railway subsidiaries furnish trucking and warehouse services to six Anheuser-Busch brewery locations.

A visit to any of the 10 Anheuser-Busch Theme Parks is both an educational and entertaining experience. Attendance in 1993 topped the 19 million mark.

BUSCH ENTERTAINMENT CORPORATION

The 10 Anheuser-Busch Theme Parks offer guests a wide variety of unique entertaining and educational experiences. More than 19 million people visited the parks in 1993.

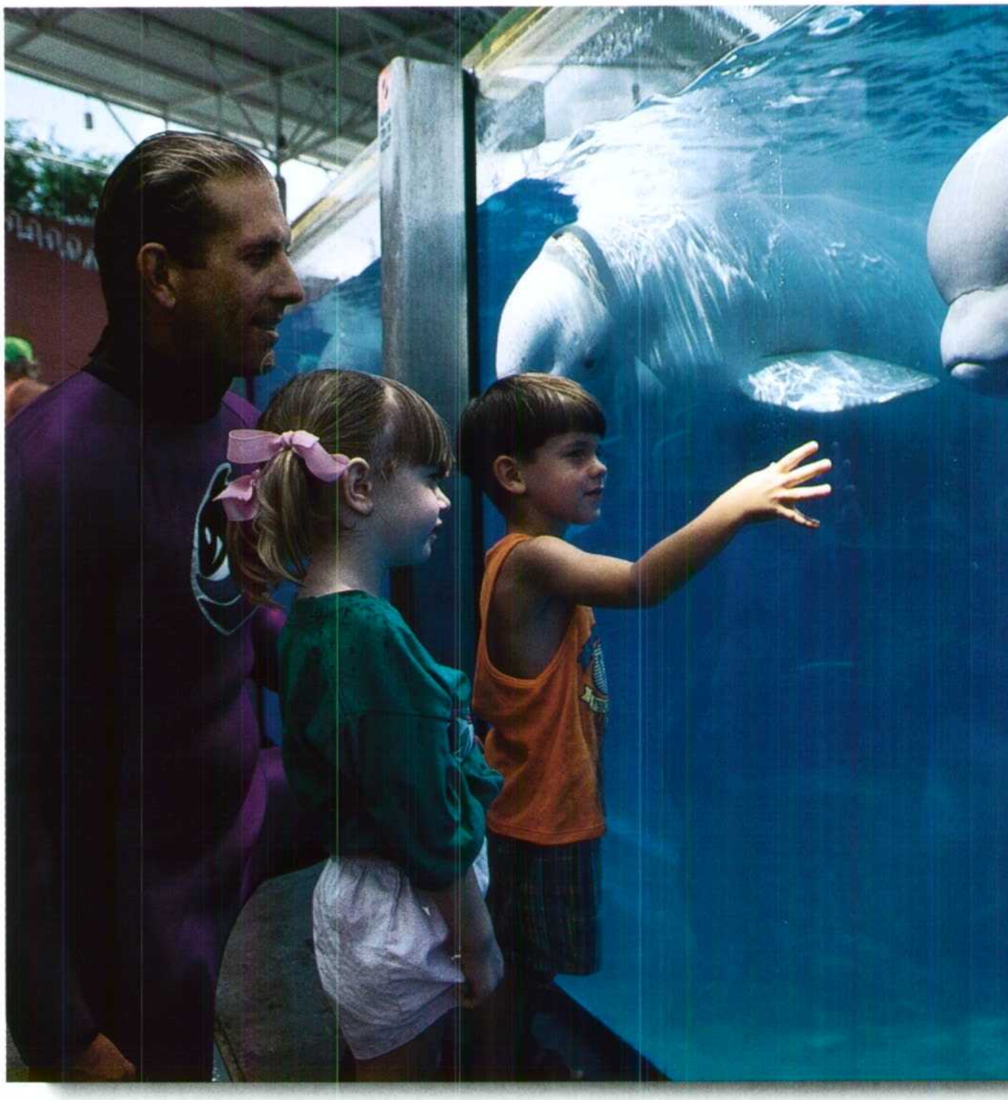
Guests' opportunities for thrills and entertainment expanded in 1993. Visitors to Busch Gardens Tampa took an unforgettable ride on "Kumba," the largest roller coaster in the Southeast. Busch Gardens Williamsburg introduced "Haunts of the Olde Country," a "4-D" theatrical adventure into the castles of England and Scotland. Water Country USA offered guests a wet and wild ride on its new "Malibu Pipeline."

Conservation and education continue to be priorities for the parks, with more than 10 million people participating in Sea World and Busch Gardens education programs. New attractions in 1993 include Sea World of Florida's "Manatees: The Last Generation?," which brings guests nose-to-nose with some of Florida's highly endangered manatees; Sea World of California's "Rocky Point Preserve," where guests can touch a bottlenose dolphin and marvel at the Alaskan otters rescued from the Prince William Sound oil spill; and Cypress Gardens' "Wings of Wonder: The Butterfly Conservatory."

Seven parks will add new attractions in 1994. Visitors to Sea World in Florida, Ohio and Texas can explore the prehistoric past and learn about


BUSCH
GARDENS

Anheuser-Busch's commitment to conservation and education is illustrated by the many programs at Busch Gardens and Sea World that promote understanding of and appreciation for the natural world.



dinosaurs at "Monster Marsh." The new "Mermaids, Myths and Monsters" show will light up the night at Sea World in Ohio, Texas and California with its larger-than-life moving images projected on a 60-foot screen of water. At Sea World of California, guests will journey to the bottom of the sea as they experience the thrill and mystery of "Mission: Bermuda Triangle."

The parks will also cater to younger children with a new character parade at Sesame Place; the new "Land of the Dragons" children's play area at Busch Gardens Williamsburg; and a new children's waterplay area at Water Country USA.

ST. LOUIS NATIONAL BASEBALL CLUB/CIVIC CENTER CORPORATION

More than 2.8 million fans visited Busch Stadium in 1993 to watch the St. Louis Cardinals—the company's major league baseball subsidiary. Despite injuries to a number of key players, the Cardinals contended for the National League East crown, eventually finishing in third place. For the 12th consecutive year, the Redbirds drew more than two million fans, making the Cardinals one of the most popular teams in professional baseball.

Civic Center Corporation, owner and operator of Busch Stadium,

enjoyed a successful year in 1993. More than three million people visited the stadium to watch professional baseball, amateur sporting events, concerts and other entertainment offerings. Civic Center also owns other properties in downtown St. Louis, including four parking garages.

BUSCH PROPERTIES, INC.

Busch Properties manages Anheuser-Busch's real-estate holdings, including development properties, land for potential expansion, leased facilities and dispositions.

One of Busch Properties' showpiece locations is Kingsmill Resort in Williamsburg, Va., a 2,900-acre residential resort community. Kingsmill has earned a four-star rating from the Mobil Travel Guide and four diamonds from AAA. The Anheuser-Busch Golf Classic—a regular PGA Tour event since 1977—is held each year at Kingsmill on the Pete Dye-designed River Course.

The Busch Corporate Center business parks combine commercial, office and light-industrial uses on land located adjacent to the Anheuser-Busch breweries in Williamsburg, Va.; Columbus, Ohio; and Fairfield, Calif. Occupancy in company-owned and managed office buildings in Columbus exceeded 95% in 1993.

Kingsmill Resort in Williamsburg, Va., a 2,900-acre residential resort community, is one of Busch Properties' showpiece locations.

IronKids bread, the sales leader among bread products targeted toward children, is supported by a comprehensive marketing program which includes television advertising and the highly successful IronKids National Triathlon Series.

CAMPBELL TAGGART, INC.

Campbell Taggart is a diversified food products company with operations in the U.S. and in certain European markets. The company is the second-largest fresh-baked foods company in the U.S.

In 1993, Campbell Taggart embarked on a bold restructuring plan designed to increase sales, reduce costs, enhance margins and improve returns. The restructuring includes facility modernization and consolidation; relocation of corporate headquarters to St. Louis; more than a 10% reduction in the salaried employee workforce; the sale of the company's frozen-foods brands; and the closing of its Eagle Crest Foods subsidiary.

By focusing on increased customer satisfaction, improved productivity and greater employee empowerment, Campbell Taggart is committed to becoming recognized as the preferred supplier to its customers.

Bakery Operations

The company's bakery division, which accounts for 65% of Campbell Taggart's sales, continued its emphasis on IronKids bread in 1993.

IronKids bread, the sales leader among bread products targeted toward children, received strong marketing support through television, the highly successful IronKids National Triathlon Series and the IronKids School Program.


1993
NISHER
1993
IronKids
BREAD

Grant's Farm bread, the company's flagship soft variety bread, achieved solid sales growth in 1993 and was introduced in three additional markets. Grant's Farm is now available in all company markets except California.

Earth Grains bread began national sponsorship of the Susan G. Komen Foundation Race for the Cure in 1993. Sponsorship of the foundation, which is dedicated to the treatment and cure of breast cancer, will continue in 1994.

Also in 1993, Earth Grains introduced new Earth Grains Round bread in three varieties. Sales performance for the new products has exceeded expectations.

In addition, the bakery division also tested a line of tortilla products in 1993. Corn and flour tortillas are marketed under the Rainbo brand name, and special flavored tortillas are marketed under the Earth Grains brand. The results of the test indicated that further exploration of this growing category is warranted.

Multi-pack items in the Break Cake line of snack cakes were relaunched with updated packaging graphics, revised packaging sizes and a more attractive retail price.

The Eagle Snacks product line includes potato chips, tortilla chips, pretzels and Honey Roast and lightly salted nuts.

Refrigerated Products

Campbell Taggart's Merico subsidiary is the nation's largest manufacturer of private-label refrigerated dough. Merico also produces toaster pastries, salad dressings, dips, aerosol toppings, creamers and dairy and non-dairy sour cream.

Led by the introduction of Jumbo's, a three-inch biscuit, Merico gained market share in the specialty biscuit, dinner roll, cookie and sweet-goods categories in 1993.

Merico significantly increased production capacity during 1993 with the installation of new lines of frozen biscuits, cookie dough, pie crusts and toaster pastries.

International

Campbell Taggart's international operations experienced another year of sales growth in 1993. The company's Spanish subsidiary, Bimbo, S.A. continues to maintain its position as the leading producer of bakery products in Spain.

Campbell Taggart's French subsidiary, Europate, manufactures frozen and refrigerated dough products.

EAGLE SNACKS, INC.

In 1993, Eagle Snacks increased sales volume and revenue in the highly competitive salted-snack-food industry. Industry sales in this approximately $12 billion consumer category grew by about 4% in 1993.

Eagle Snacks' gain was a result of strong growth of its tortilla chips and the expansion of its pretzel product line. Eagle Snacks' 1993 share of salted snack supermarket sales, as reported by Nielsen, is about 6.5%, which places the company in the number two market-share position in the industry.

The subsidiary continued to expand its product line in 1993 with the introduction of flavored El Grande Style tortilla chips and new flavor offerings in its potato chip line.

Eagle Snacks remains in the number two position in the nut segment of the industry.

ANHEUSER-BUSCH
COMPANIES

1993 Financial Review

Contents

INTRODUCTION

This discussion summarizes the significant factors affecting the consolidated operating results, financial condition and liquidity/cash flows of Anheuser-Busch Companies, Inc. during the three-year period ended December 31, 1993. This discussion should be read in conjunction with the Letter to Shareholders, financial statements and financial statement footnotes included in this annual report.

Two unusual occurrences had negative impacts on the company's 1993 earnings. In September 1993, the company announced a Profitability Enhancement Program which includes significant organizational and operational changes to improve sales and profitability. The Program includes the following elements:

- An enhanced retirement program for salaried employees
- The write-down of underperforming assets and investments
- The restructuring and reorganization of the company

This Program is expected to generate cost savings of more than $100 million in 1994 and $400 million a year by 1997.

The Profitability Enhancement Program is expected to generate cost savings of more than $100 million in 1994 and $400 million a year by 1997.

The restructuring and reorganization element of the Program includes the following initiatives designed to increase efficiencies and reduce operating costs:

- Brewery modernization programs based on the successful practices employed at the company's newer breweries. Such programs include increased employee involvement to improve quality and efficiency throughout the entire 13-brewery system.
- Relocation of the company's food products operations to St. Louis. Additionally, bakery facilities will be modernized and consolidated.

The Program is also designed to improve sales of the company's premium beer products through aggressive advertising and the introduction of new products. The company's newest product, Ice Draft from Budweiser, was rolled out nationwide in January 1994.

As a result of the Program, the company recognized a $565 million ($1.26 per share) restructuring charge during the third quarter 1993. Further information concerning the details of the restructuring charge is included in Note 2 to the Consolidated Financial Statements.

Additionally, the Revenue Reconciliation Act of 1993, signed into law during the third quarter 1993, increased the corporate federal statutory income tax rate by one percentage point retroactive to January 1, 1993. This retroactive income tax rate increase resulted in a $33 million, or $.12 per share, non-recurring after-tax, non-cash charge related to revaluation of the deferred tax liability in accordance with Financial Accounting Standard No. 109 (FAS 109)—Accounting for Income Taxes.

The non-recurring restructuring charge and the non-recurring deferred tax revaluation charge distort comparability of 1993 and 1992 reported financial results. To facilitate evaluation and understanding of the company's 1993 financial results, key financial comparisons affected by these charges are disclosed in this discussion both including and excluding the charges.

Earnings for 1992 were impacted by the adoption of new accounting principles. Effective January 1, 1992 as discussed in Note 3 to the Consolidated Financial Statements, the company adopted the financial accounting standards for postretirement benefits (FAS 106) and income taxes (FAS 109). The company elected to immediately recognize the cumulative effect of adoption of FAS 106/109 pertaining to years prior to 1992 through a one-time cumulative effect adjustment which decreased 1992 net income and earnings per share by $76.7 million and $.26, respectively. These amounts are separately identified in the company's consolidated 1992 income statement.

Implementation of FAS 106 in 1992 was based on benefit levels in effect at the time of adoption. Certain changes to these benefit levels were implemented in 1993, thereby reducing the FAS 106 pretax expense amount in 1993 as compared to 1992 by $27.0 million to $48.3 million.

OPERATIONS

Sales

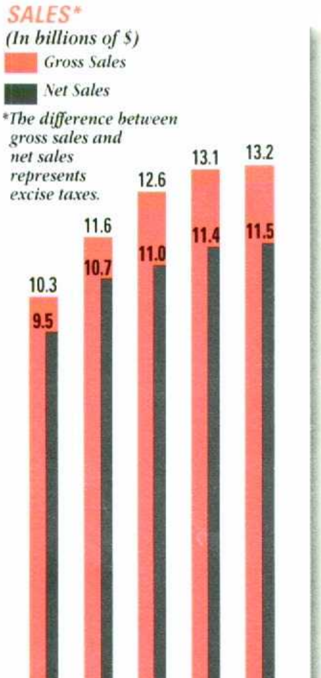
Anheuser-Busch Companies, Inc. achieved record gross sales during 1993 of $13.19 billion, an increase of $123 million or nine-tenths of one percent (.9%) over 1992 gross sales of $13.06 billion. Gross sales for 1992 were 3.4% higher than 1991. Gross sales for 1991 were $12.63 billion, an increase of 8.8% over 1990. However, gross sales for 1991 are not comparable to 1990 as a result of the 100% increase in the federal excise tax on beer effective January 1, 1991. Gross sales includes $1.68 billion, $1.67 billion and $1.64 billion, respectively, in federal and state excise taxes for 1993, 1992 and 1991.

Net sales for 1993 were also a record $11.51 billion, an increase of $111.6 million or one percent (1.0%) over 1992 net sales of $11.39 billion. Net sales for 1992 were 3.6% higher than 1991. Net sales during 1991 were $11.0 billion, an increase of 2.4% over 1990.

The increase in gross and net sales in 1993 as compared to 1992 was due to higher beer volume sales as well as higher sales by the company's entertainment subsidiaries. Net revenue per barrel declined approximately 1% in 1993 due primarily to competitive pricing, brand and packaging mix shifts and geographic trends. Additionally, beer pricing was very competitive in 1993 as competitive promotional activity increased due to modest industry growth and efforts to protect volume impacted by a weak economy in key beer-selling states.

Anheuser-Busch, Inc., the company's brewing subsidiary and largest contributor to consolidated sales and profits, sold an industry record of 87.3 million barrels of beer in 1993, an increase of one-half of one percent (.5%) compared to 1992 beer volume of 86.8 million barrels. The company's 1993 beer volume gains, built from the largest volume base in the industry, were achieved despite the continued severe economic weakness in key selling areas along the West Coast.

In April 1993, the company instituted the "Proud To Be Your Bud" campaign featuring new advertising and merchandising programs and a wholesaler sales incentive program designed to increase premium beer sales. The success of this campaign has contributed to an overall beer sales-to-retailers increase of more than 1.5% from May through December versus the same period last year.



Considering the competitive conditions in the beer industry, the company's premium beer brands performed well during 1993. Budweiser continues to dominate across all demographic segments. Bud Light had another excellent year in 1993 with double-digit growth. Bud Light continues to outpace its major competitor and is well-positioned to become the leading light-beer brand in the United States.

In October 1993, Anheuser-Busch introduced a new premium product—Ice Draft from Budweiser—to consumers in the western United States. The company completed the national rollout of Ice Draft in January 1994.

During 1993, the company's sales and volume growth was impacted by slower regional economic recovery which generated more intensive price competition in key markets. During 1994, the company plans to enhance premium brand volume growth through aggressive marketing, the national rollout of Ice Draft and price increases below the consumer price index.

The company's 1994 quarterly beer sales volume growth is not expected to follow a consistent pattern. First quarter beer volume will increase more significantly compared to 1993 due to the rollout of Ice Draft and higher planned inventory levels. Consistent with past practice, wholesaler inventory levels will be raised prior to the February 28 expiration of the labor contract affecting the majority of the company's beer production employees. Negotiations are progressing, and the company expects to reach final agreement with the union soon.

The increase in gross and net sales in 1992 as compared to 1991 was due to higher beer volume, higher revenue per barrel and higher sales by the company's food products and entertainment subsidiaries.

The increase in gross and net sales in 1991 as compared to 1990 was due to higher revenue per barrel and higher sales by the company's food products subsidiaries.

Beer volume sales for 1992 were a one percent increase over 1991 beer volume of 86.0 million barrels. This increase was achieved despite poor economic conditions and the second-coolest summer in two decades.

The company's 1991 beer sales volume was 86.0 million barrels, a slight decrease of 462,000 barrels, or five-tenths of a percent, compared to 1990 beer volume of 86.5 million barrels. The sales volume decline was due to higher beer prices to consumers reflecting the 100% increase in the federal excise tax effective January 1, 1991. The company's sales volume decline in 1991 was considerably less than the 2.0% volume decline for the brewing industry as a whole.

Anheuser-Busch, Inc. maintained its market share in 1993, with sales volume representing approximately 44.3% of total brewing industry sales in the U.S.

Anheuser-Busch, Inc. maintained its market share in 1993, with sales volume representing approximately 44.3% of total brewing industry sales in the U.S. (including imports and nonalcohol brews), as estimated based on information provided by The Beer Institute. The 1992 market share amount was four-tenths of one percent (.4%) of a share point higher than 1991. Market share for 1991 was 43.9%, a five-tenths of one percent (.5%) share point increase over 1990. Anheuser-Busch has led the brewing industry in market share every year since 1957.

The company began production at its 13th brewery in the spring of 1993 in Cartersville, Ga. The Cartersville brewery is the most modern and efficient of the company's breweries and is currently operating at approximately one-half its ultimate capacity. When fully operational, the Cartersville brewery will be able to provide up to 6.5 million barrels of capacity.

Cost of Products and Services

Cost of products and services for 1993 was $7.42 billion, a 1.5% increase over the $7.31 billion amount reported for 1992. This increase follows a 2.2% and .8% increase in 1992 and 1991, respectively. These increases primarily relate to higher production costs for the company's brewing subsidiary and other beer-related operations, higher attendance at the company's entertainment operations in 1993 and higher sales of the company's food products subsidiaries. The increase in 1992 over 1991 is also due to the 1992 adoption of FAS 106. Such increases, however, have been partially offset by the company's ongoing productivity improvement and cost reduction programs as well as favorable packaging costs.

As a percent of net sales, cost of products and services was 64.5% in 1993 as compared to 64.2% in 1992 and 65.0% in 1991.

TOTAL PAYROLL COST
(In millions of $)

Marketing, Distribution and Administrative Expenses

Marketing, distribution and administrative expenses for 1993 were $2.31 billion, even with 1992 levels. Expenses for 1993 benefited from lower postretirement medical costs and the divestiture of the company's Newark wholesale operation. The 1993 level compares to increases of 8.6% for 1992 and 3.7% for 1991.

Marketing, distribution and administrative expenses increased in 1992 and 1991 as a result of the higher level of marketing activity, continuing development of new products and beer brands together with related new advertising and marketing programs, the intro-

duction of new entertainment attractions, and the adoption of FAS 106 in 1992. Areas significantly affected by these factors since 1990 include media advertising, point-of-sale materials and developmental expenses associated with new advertising and marketing programs for established as well as new products, payroll and related costs, business taxes, depreciation, supplies, and general operating expenses.

Taxes and Payroll Costs

The company is significantly impacted by federal, state and local taxes. Taxes applicable to 1993 operations (not including the many indirect taxes included in materials and services purchased) totaled \$2.41 billion and highlight the burden of taxation on the company and the brewing industry in general. Taxes for 1993 decreased \$149.3 million or 5.8% over 1992 taxes of \$2.56 billion. This decrease follows increases of 3.5% in 1992 and 53.1% in 1991.

The decrease in total taxes for 1993 is due primarily to the company's lower earnings level as a result of the restructuring charge offset partially by an increase in beer sales volume, the FAS 109 deferred tax revaluation adjustment and the 1% increase in the federal statutory income tax rate effective January 1, 1993. The increase for 1992 over 1991 results principally from the company's increase in beer sales volume and higher earnings level. The increase in total taxes for 1991 over 1990 substantially results from increased beer excise taxes related to the 100% increase in the federal excise tax on beer effective January 1, 1991.

Payroll costs during 1993 totaled \$2.48 billion, an increase of \$46.2 million or 1.9% over 1992 payroll costs of \$2.44 billion. Payroll costs increased 6.7% in 1992 and 4.4% in 1991. The increase in payroll costs reflects the 1992 adoption of FAS 106 and normal increases in salary and wage rates and benefit costs. Payroll costs for 1993 exclude severance pay and other costs associated with the company's enhanced retirement program.

Salaries and wages paid during 1993 totaled \$1.97 billion. Pension, life insurance and health care benefits amounted to \$333.8 million and payroll taxes were \$174.7 million. Employment at December 31, 1993 was 43,345 compared to 44,790 at December 31, 1992, reflecting approximately 1,200 employees who accepted the enhanced retirement program.

At the time of publication of this annual report, the company's national labor contract with the Brewery Conference of the International Brotherhood of Teamsters, representing the majority of brewery workers, was scheduled to expire February 28, 1994. The company and union representatives have been negotiating the terms of a new labor contract for the past several months, substantive progress has been made, and the company anticipates that a final agreement with the union will be reached.

OPERATING INCOME
(In millions of \$)

1–Includes 1993 non-recurring special charges. Excluding such charges, Operating Income would have been \$1,776.9.

Operating Income

Operating income, the measure of the company's financial performance before interest costs and other non-operating items, was impacted by the \$565 million restructuring charge. Therefore, operating income was \$1.21 billion for 1993, a decline of 31.8% compared to 1992 operating income of \$1.78 billion. Excluding the restructuring charge, operating income for 1993 and 1992 was \$1.78 billion. Operating income for 1992 was \$1.78 billion, an increase of 3.1% over 1991. Operating income was \$1.72 billion in 1991, representing an increase of 7.7% over the previous year. Operating income as a percent of net sales was 10.5% in 1993 (15.4% excluding the restructuring charge) as compared to 15.6% in 1992 and 15.7% in 1991.

Net Interest Cost/Interest Capitalized

Net interest cost, or interest expense less interest income, was $202.6 million in 1993, an increase of $10.1 million (or 5.3%) when compared to 1992 net interest cost of $192.5 million. Net interest cost in 1991 was $229.3 million. The increase in net interest cost during 1993 is due primarily to higher average debt balances outstanding during the year ended December 31, 1993, primarily as a result of financing international brewing investments.

The decrease in net interest cost in 1992 and 1991 is due primarily to lower average debt balances outstanding each year and a $502.2 million, or 16.0%, reduction in total debt during the year ended December 31, 1991. Specific information regarding company financing (including the level of debt activity and the leveraged ESOP) and the company's capital expenditure program is presented in the Liquidity and Capital Resources section of this discussion.

Interest capitalized declined $11.0 million in 1993 as compared to 1992. The decline in interest capitalized in 1993 is primarily related to the 1993 start-up of the company's new brewery in Cartersville, Ga., which resulted in the cessation of interest capitalization on the completed phase of this major capital investment. It is anticipated that capitalized interest in 1994 will be below 1993 levels as a result of the Cartersville brewery start-up and continued low interest rates.

Interest capitalized increased $1.2 million in 1992 as compared to 1991. This compares to an $8.1 million decline in 1991 compared to 1990. Interest capitalized fluctuates from year to year depending upon the level of qualified construction-in-progress and the weighted-average interest capitalization rate.

Other Income/(Expense), Net

Other income/(expense), net, includes numerous items of a non-operating nature which do not have a material impact on the company's consolidated results of operations (either individually or in the aggregate).

This category provided income in 1993 of $4.4 million compared to expense of $15.7 million in 1992 and expense of $18.1 million in 1991. The favorable 1993 situation results from the initial recognition of $8.1 million of dividend income from an international investment accounted for under the cost method and several non-recurring gains related to asset disposals.

Net Income Before Cumulative Effect of Accounting Changes

Because of the $565 million pretax restructuring charge and the $33 million after-tax deferred tax revaluation adjustment, the company reported net income of $594.5 million in 1993, a decline of 35.2% compared to 1992. Excluding these one-time charges, the company would have reported net income of $980.6 million, a decline of 1.4% compared to 1992.

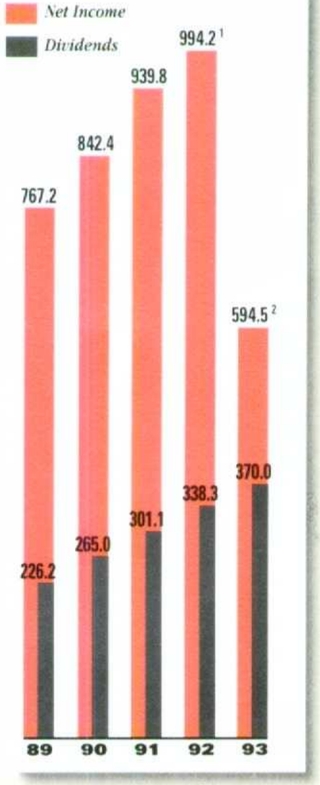
Net income before cumulative effect for 1992 was $994.2 million, an increase of 5.8% compared with $939.8 million for 1991. Net income for 1991 was 11.6% higher than 1990.

The effective tax rate for 1993 of 43.4% is not comparable to 1992, due to the impact of the restructuring charge and the FAS 109 deferred tax revaluation adjustment. Excluding these non-recurring items, the effective tax rate for 1993 was 39.3%, reflecting the retroactive impact of the 1% federal tax rate increase signed into law during 1993. The effective income tax rate was 38.4% in 1992 and 38.2% in 1991.

Earnings Per Share Before Cumulative Effect of Accounting Changes

As with net income, 1993 earnings per share were impacted by the special non-recurring adjustments. Including these adjustments, fully diluted earnings per share for 1993 were $2.17, a decrease of 32.2% compared to 1992. Excluding the 1993 adjustments, fully diluted earnings per share would have been $3.55, an increase of 2.6% compared to 1992.

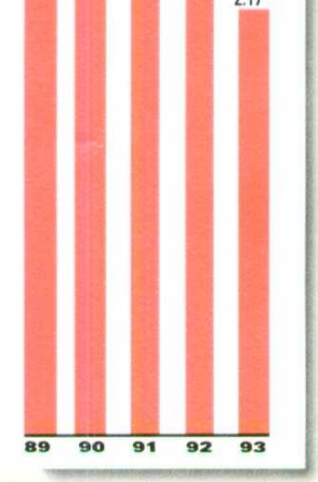
NET INCOME/DIVIDENDS ON COMMON STOCK
(In millions of $)



1–Before cumulative effect of accounting changes.

2–Includes 1993 non-recurring special charges. Excluding such charges, Net Income would have been $980.6.

EARNINGS PER SHARE–FULLY DILUTED



1–Earnings Per Share before cumulative effect of accounting changes.

2–Includes 1993 non-recurring special charges. Excluding such charges, Fully Diluted Earnings Per Share would have been $3.55.

Fully diluted earnings per share before cumulative effect were $3.46 for 1992, an increase of 6.5% compared with $3.25 for 1991. Fully diluted earnings per share for 1990 were $2.95.

The difference between the company's year-to-year percentage change in net income and earnings per share is due to share repurchases.

Fully diluted earnings per share assume the conversion (as of January 1, 1991) of the company's 8% Convertible Debentures due 1996. In calculating fully diluted earnings per share, weighted average shares outstanding are increased by the assumed conversion of the debentures and net income is increased by the after-tax interest expense on the debentures.

Excluding the adjustments for the Profitability Enhancement Program and the FAS 109 impact related to the Revenue Reconciliation Act of 1993, fully diluted earnings per share would have been $3.55 for the year, an increase of 2.6% compared to1992.

FINANCIAL POSITION

Liquidity and Capital Resources

The company's primary sources of liquidity are cash provided from operating activities and certain financing activities. Information on the company's consolidated cash flows (operating activities, financing activities and investing activities) for the past three years is set forth in the Consolidated Statement of Cash Flows in this annual report.

Working capital at December 31, 1993 was $(20.4) million as compared to $356.0 million at December 31, 1992.

During 1993, the company issued the following debt:

- $489.4 million increase in commercial paper;
- $200 million, 7 5/8% debentures due 2023; and
- $10 million medium-term notes.

During 1993, the company reduced long-term debt as follows:

- Redeemed $53.5 million, 8% dual currency notes;
- Redeemed $100 million, 8% notes; and
- Redeemed $49.1 million, 10% sinking fund debentures.

During 1992, the company issued the following debt:

- $150 million medium-term notes; and
- $200 million, 6.9% 10-year notes.

During 1992, the company reduced long-term debt as follows:

- Redeemed $100 million, 8 7/8% notes;
- Redeemed $86 million, 8.55% sinking fund debentures;
- Redeemed $25 million, 7.95% sinking fund debentures; and
- Lowered commercial paper borrowings by $24.7 million.

Gains/losses on debt reduction activities (either individually or in the aggregate) were not material to the company's consolidated financial statements during 1993 or 1992.

At December 31, 1993 and 1992 there were $569.1 million and $79.7 million, respectively, of commercial paper borrowings outstanding classified as long-term debt. The commercial paper is intended to be maintained on a long-term basis, with ongoing credit provided by the company's revolving credit agreements (discussed below).

The company had fully hedged its foreign currency exposure for debt service payments on foreign currency denominated debt through agreements with various lending institutions.

The company believes its strong beer wholesaler network is a major factor in its long-term growth. Therefore, the company believes that affording beer wholesalers the opportunity to invest in the company will further this goal. In 1989, the company registered with the Securities and Exchange Commission (SEC) a total of $300 million of seven-year convertible debentures (ultimately convertible into common stock) as part of its Wholesaler Investment Program. A total of $241.7 million of the debentures were issued. The debentures are subject to mandatory redemption at the end of seven years, optional redemption/repurchase at the company's or holder's discretion after three years, and special redemption/repurchase based on the occurrence of certain redemption events with respect to particular holders.

The company utilizes SEC shelf registration statements to provide financing flexibility. At December 31, 1992 a total of $550 million was available for debt issuance under shelf registration statements. In 1993, the company issued $210 million in debt as previously described. As of December 31, 1993, the company had a total of $340 million remaining available for issuance under shelf registration statements.

During the next five years, the company plans to continue capital expenditure programs designed to take advantage of growth and productivity improvement opportunities for its beer and beer-related, food products and entertainment segments. Cash flow from operating activities will provide the principal support for these capital investments.

However, a capital expenditure program of this magnitude (as well as possible business acquisitions) may require external financing from time to time. The nature and timing of external financing will vary depending upon the company's evaluation of existing market conditions and other economic factors.

In addition to its long-term debt financing, the company has access to the short-term capital market utilizing its bank credit agreements and commercial paper. The company has formal bank credit agreements which are discussed in Note 6 to the Consolidated Financial Statements. These agreements provide the company with immediate and continuing sources of liquidity.

The company's ratio of total debt to total capitalization was 41.6% including the 1993 non-recurring special charges, 36.4% and 37.3% at December 31, 1993, 1992 and 1991, respectively. The company's fixed charge coverage ratio was 7.6x for the year ended December 31, 1993 (5.2x including the 1993 non-recurring special charges) and 7.8x and 6.4x for the years ended December 31, 1992 and 1991, respectively.

As more fully described in Note 9 to the Consolidated Financial Statements, the company added an employee stock ownership plan (ESOP) feature to its existing Deferred Income Stock Purchase and Savings Plans in 1989. Approximately 60% of total salaried and hourly employees are eligible for participation in the ESOP. In 1989, the ESOP borrowed $500 million, guaranteed by the company, and used the proceeds to buy approximately 11.3 million shares of common stock from the company. The ESOP shares are being allocated to participants over 15 years as contributions are made to the plan. Through the various company stock ownership plans, employees of Anheuser-Busch control approximately 10% of the company's outstanding common stock.

In accordance with generally accepted accounting principles, the unpaid principal portion of the ESOP debt is reflected on the company's balance sheet as long-term debt with an equal, offsetting reduction to Shareholders Equity. In addition, total ESOP expense is allocated to interest expense and operating expense based upon the ratio of interest and principal payments on the debt.

Capital Expenditures

The company has a formalized and intensive review procedure for all capital expenditures. The most important measure of acceptability of a capital project is its projected discounted cash flow return on investment.

Capital expenditures in 1993 amounted to $776.9 million as compared with $737.2 million in 1992. During the past five years, capital expenditures totaled $4.2 billion.

Capital expenditures for 1993 for the company's beer and beer-related operations were $529.7 million. Major expenditures by the company's brewing subsidiary included continuing construction of the company's new brewery in Cartersville, Ga., and numerous modernization projects designed to improve productivity at all breweries.

The remaining 1993 capital expenditures totaling $247.2 million were made by the company's food products and entertainment operations. Major expenditures included numerous Campbell Taggart and Eagle Snacks modernization and productivity improvement projects, as well as new Busch Entertainment attractions.

During the next five years, the company plans to continue capital expenditure programs designed to take advantage of growth and productivity improvement opportunities for its beer and beer-related, food products and entertainment segments.

CAPITAL EXPENDITURES/ DEPRECIATION AND AMORTIZATION

(In millions of $)

The company expects its capital expenditures in 1994 to approximate $800 million. Capital expenditures during the five-year period 1994-1998 are expected to approximate $4 billion.

Environmental Matters

The company is subject to federal, state and local environmental protection laws and regulations and is operating within such laws or is taking action aimed at assuring compliance with such laws and regulations. Compliance with these laws and regulations is not expected to materially affect the company's competitive position. The company has not been identified as a Potentially Responsible Party (PRP) at an Environmental Protection Agency designated clean-up site which could have a material impact on the company's consolidated financial statements.

In recognition of the importance of environmental laws and regulations, the company has established an Environmental Policy Committee. This committee, which reports directly to the Audit Committee of the Board of Directors, is comprised of senior company executives.

The mission of the committee is to (a) monitor and interpret environmental policies to insure high standards of corporate responsibility; (b) establish a framework to assure strict compliance in the operations of all of the company's businesses with all environmental regulations; (c) provide adequate resources—human, financial and physical—required to assure compliance with all environmental laws and policies; and (d) exercise oversight responsibilities of company environmental programs.

Other Matters

In June 1993, the company purchased a 17.7% equity interest in Grupo Modelo, Mexico's largest brewer, and its subsidiaries for $477 million. The company is accounting for its investment in Modelo under the cost method. The investment is included in the balance sheet within the caption "Investments in and advances to affiliated companies."

In connection with the purchase, three Anheuser-Busch representatives have been elected to the Modelo board and a Modelo representative has been elected to serve on the Anheuser-Busch board.

The agreement gives Anheuser-Busch options to increase its investment to a minority position in Modelo of approximately 35% and to acquire an additional minority interest in Modelo's subsidiaries. These options may be exercised between mid-1995 and the end of 1997. Under certain circumstances involving the non-exercise of such options by Anheuser-Busch, at either party's election, Modelo may repurchase approximately half of Anheuser-Busch's investment at cost and repurchase the remainder at prevailing market rates.

In July 1993, the company purchased a 5% interest in China's largest brewer, Tsingtao Brewery Co., Ltd., for $16.4 million. The purchase occurred in conjunction with Tsingtao's initial public offering of shares on the Stock Exchange of Hong Kong. This public offering represented approximately 35% of the company, including the 5% purchased by Anheuser-Busch. The initial 5% purchase by Anheuser-Busch (which will be accounted for under the cost method and is included in the balance sheet within the caption "Investments in and advances to affiliated companies") is a strategic investment which may lead to additional commercial or investment relationships between the two companies.

In December 1993, the company acquired the remaining 50% of International Label Company for $19.2 million. The acquisition was accounted for using the purchase method of accounting, and the excess cost of the acquisition over the assets acquired is being amortized on a straight-line basis over 40 years.

Dividends

Cash dividends paid to common shareholders were $370.0 million in 1993 and $338.3 million in 1992. Dividends on common stock are paid in the months of March, June,

September and December of each year. In the second quarter of 1993, effective with the September dividend, the Board of Directors increased the quarterly dividend rate by 12.5% from \$.32 to \$.36 per share. Annual dividends per common share increased 13.3% in 1993 to \$1.36 per share compared to \$1.20 per share in 1992. In 1993, dividends were \$.32 for each of the first two quarters and \$.36 for the last two quarters, as compared to \$.28 for the first two quarters and \$.32 for the last two quarters of 1992.

The company has paid dividends in each of the past 61 years. During that time, the company's stock has split on seven different occasions and stock dividends were paid three times.

At December 31, 1993, common shareholders of record numbered 67,612 compared with 67,273 at the end of 1992.

The company has paid dividends in each of the past 61 years. During that time, the company's stock has split on seven different occasions and stock dividends were paid three times.

Price Range of Common Stock

The company's common stock is listed on the New York Stock Exchange (NYSE) under the symbol "BUD". The table below summarizes the high and low closing prices on the NYSE.

PRICE RANGE OF COMMON STOCK

	1993		*1992*	
QUARTER	*HIGH*	*LOW*	*HIGH*	*LOW*
First	60	50-3/4	60-1/2	54-7/8
Second	53-3/4	47-3/8	56-7/8	52-1/8
Third	48-1/4	44-1/8	57-3/4	53
Fourth	50-5/8	45-1/2	60	53-5/8

The closing price of the company's common stock at December 31, 1993 and 1992 was \$49.125 and \$58.50, respectively.

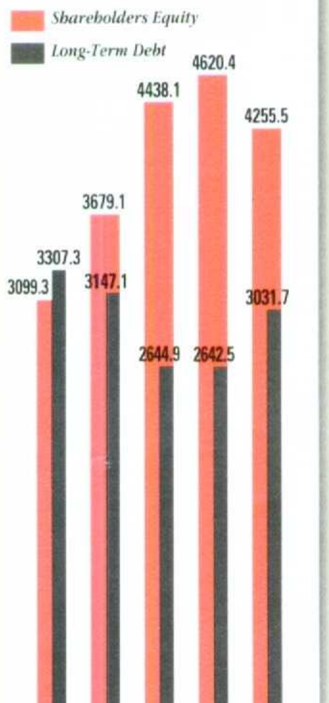
Common Stock and Other Shareholders Equity

Shareholders equity was \$4.26 billion at December 31, 1993, as compared with \$4.62 billion at December 31, 1992. The decrease in shareholders equity during the year is primarily related to 1993 special charges, the share repurchase program and dividends. The book value of each common share of stock at December 31, 1993 was \$15.94, as compared to \$16.60 at December 31, 1992.

In 1993, the return on shareholders equity was 13.4% as compared to 22.0% in 1992. Excluding the non-recurring special charges, return on shareholders equity for 1993 would have been 21.2%.

The Board of Directors has approved various resolutions in recent years authorizing the company to repurchase shares of its common stock for investment purposes and to meet the requirements of the company's various stock purchase and savings plans. In June 1992 the board authorized the repurchase of 20 million shares. The company has acquired 12.6 million, 9.6 million and 23,500 shares of common stock in 1993, 1992 and 1991 for \$639.8 million, \$518.7 million and \$1.1 million, respectively. At December 31, 1993, approximately five million shares were available for repurchase under the June 1992 authorization.

SHAREHOLDERS EQUITY/ LONG-TERM DEBT
(In millions of \$)



Inflation

General inflation has not had a significant impact on the company over the past three years and is not expected to have a significant impact in the foreseeable future.

Responsibility for Financial Statements

The management of Anheuser-Busch Companies, Inc. is responsible for the financial statements and other information included in this annual report. Management has selected those generally accepted accounting principles it considers appropriate to prepare the financial statements and other data contained herein.

The company maintains accounting and reporting systems, supported by an internal control system, which management believes are adequate to provide reasonable assurances that assets are safeguarded against loss from unauthorized use or disposition and financial records are reliable for preparing financial statements. During 1993, the company's internal auditors, in conjunction with Price Waterhouse, its independent accountants, performed a comprehensive review of the adequacy of the company's internal accounting control system. Based on the comprehensive review, it is management's opinion that the company has an effective system of internal accounting control.

The Audit Committee of the Board of Directors, which consists of six non-management directors, oversees the company's financial reporting and internal control systems, recommends selection of the company's public accountants and meets with the public accountants and internal auditors to review the overall scope and specific plans for their respective audits. The commitee held four meetings during 1993. A more complete description of the functions performed by the Audit Committee can be found in the company's proxy statement.

The report of Price Waterhouse on its examinations of the consolidated financial statements of the company appears below.

Report of Independent Accountants

Price Waterhouse

February 7, 1994

One Boatmen's Plaza
St. Louis, MO 63101

To the Shareholders and Board of Directors of
Anheuser-Busch Companies, Inc.

We have audited the accompanying Consolidated Balance Sheet of Anheuser-Busch Companies, Inc. and its subsidiaries as of December 31, 1993 and 1992, and the related Consolidated Statements of Income, Changes in Shareholders Equity and Cash Flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements audited by us present fairly, in all material respects, the financial position of Anheuser-Busch Companies, Inc. and its subsidiaries at December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in Note 3 to the financial statements, the company changed its method of accounting for postretirement benefits other than pensions and income taxes in 1992.

Price Waterhouse

Consolidated Balance Sheet

Anheuser-Busch Companies, Inc., and Subsidiaries

ASSETS (In millions) *DECEMBER 31,*	*1993*	*1992*
CURRENT ASSETS:		
Cash and marketable securities	$ 127.4	$ 215.0
Accounts and notes receivable, less allowance for doubtful accounts of $6.7 in 1993 and $4.9 in 1992	751.1	649.8
Inventories		
Raw materials and supplies	385.5	417.7
Work in process	99.4	88.7
Finished goods	141.8	154.3
Total inventories	626.7	660.7
Other current assets	290.0	290.3
Total current assets	1,795.2	1,815.8
INVESTMENTS AND OTHER ASSETS:		
Investments in and advances to affiliated companies	629.5	171.6
Investment properties	151.9	164.8
Deferred charges and other non-current assets	310.7	356.3
Excess of cost over net assets of acquired businesses, net	495.9	505.7
	1,588.0	1,198.4
PLANT AND EQUIPMENT:		
Land	281.9	273.3
Buildings	3,445.5	3,295.2
Machinery and equipment	7,656.5	7,086.9
Construction in progress	343.2	729.7
	11,727.1	11,385.1
Accumulated depreciation	(4,230.0)	(3,861.4)
	7,497.1	7,523.7
	$10,880.3	$10,537.9

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 47-59 of this report.

LIABILITIES AND SHAREHOLDERS EQUITY (In millions)		
DECEMBER 31,	*1993*	*1992*
CURRENT LIABILITIES:		
Accounts payable	$ 812.5	$ 737.4
Accrued salaries, wages and benefits	243.9	257.3
Accrued interest payable	54.9	52.4
Due to customers for returnable containers	50.3	48.2
Accrued taxes, other than income taxes	121.7	117.0
Estimated income taxes	91.0	38.8
Restructuring accrual	189.2	—
Other current liabilities	252.1	208.7
Total current liabilities	1,815.6	1,459.8
POSTRETIREMENT BENEFITS	607.1	538.3
LONG-TERM DEBT	3,031.7	2,642.5
DEFERRED INCOME TAXES	1,170.4	1,276.9
COMMON STOCK AND OTHER SHAREHOLDERS EQUITY:		
Common stock, $1.00 par value, authorized 800,000,000 shares	342.5	341.3
Capital in excess of par value	808.7	762.9
Retained earnings	6,023.4	5,794.9
Foreign currency translation adjustment	(33.0)	(1.4)
	7,141.6	6,897.7
Treasury stock, at cost	(2,479.6)	(1,842.9)
ESOP debt guarantee offset	(406.5)	(434.4)
	4,255.5	4,620.4
COMMITMENTS AND CONTINGENCIES	—	—
	$10,880.3	$10,537.9

Consolidated Statement of Income

Anheuser-Busch Companies, Inc., and Subsidiaries

(In millions, except per share data)

YEAR ENDED DECEMBER 31,	*1993*	*1992*	*1991*
Sales	*$13,185.1*	$13,062.3	$12,634.2
Less federal and state excise taxes	*1,679.8*	1,668.6	1,637.9
Net sales	*11,505.3*	11,393.7	10,996.3
Cost of products and services	*7,419.7*	7,309.1	7,148.7
Gross profit	*4,085.6*	4,084.6	3,847.6
Marketing, distribution and administrative expenses	*2,308.7*	2,308.9	2,126.1
Restructuring charge	*565.0*	—	—
Operating income	*1,211.9*	1,775.7	1,721.5
Other income and expenses:			
Interest expense	*(207.8)*	(199.6)	(238.5)
Interest capitalized	*36.7*	47.7	46.5
Interest income	*5.2*	7.1	9.2
Other income/(expense), net	*4.4*	(15.7)	(18.1)
Income before income taxes	*1,050.4*	1,615.2	1,520.6
Provision for income taxes:			
Current	*562.4*	561.9	479.1
Deferred	*(139.5)*	59.1	101.7
Revaluation of deferred tax liability (FAS 109)	*33.0*	—	—
	455.9	621.0	580.8
Net income, before cumulative effect of accounting changes	*594.5*	994.2	939.8
Cumulative effect of changes in the method of accounting for postretirement benefits (FAS 106) and income taxes (FAS 109), net of tax benefit of $186.4 million	*—*	(76.7)	—
NET INCOME	*$ 594.5*	$ 917.5	$ 939.8
PRIMARY EARNINGS PER SHARE:			
Net income, before cumulative effect	*$ 2.17*	$ 3.48	$ 3.26
Cumulative effect of accounting changes	*—*	(.26)	—
Net income	*$ 2.17*	$ 3.22	$ 3.26
FULLY DILUTED EARNINGS PER SHARE:			
Net income, before cumulative effect	*$ 2.17*	$ 3.46	$ 3.25
Cumulative effect of accounting changes	*—*	(.26)	—
Net income	*$ 2.17*	$ 3.20	$ 3.25

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 47-59 of this report.

Consolidated Statement of Changes In Shareholders Equity

Anheuser-Busch Companies, Inc., and Subsidiaries

SHAREHOLDERS EQUITY *(In millions, except per share data)*

	COMMON STOCK	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	TREASURY STOCK	ESOP DEBT GUARANTEE OFFSET	FOREIGN CURRENCY TRANSLATION ADJUSTMENT
BALANCE AT DECEMBER 31, 1990	$335.7	$558.9	$4,563.3	$(1,323.1)	$(485.0)	$ 29.3
Net income			939.8			
Common dividends ($1.06 per share)			(301.1)			
Shares issued under stock plans	2.7	92.2	7.8			
Conversion of Convertible Debentures	.1	3.4				
Reduction of ESOP debt guarantee					23.8	
Treasury stock acquired				(1.1)		
Foreign currency translation adjustment						(8.6)
BALANCE AT DECEMBER 31, 1991	338.5	654.5	5,209.8	(1,324.2)	(461.2)	20.7
Net income			917.5			
Common dividends ($1.20 per share)			(338.3)			
Shares issued under stock plans	2.8	107.6	5.9			
Conversion of Convertible Debentures		.8				
Reduction of ESOP debt guarantee					26.8	
Treasury stock acquired				(518.7)		
Foreign currency translation adjustment						(22.1)
BALANCE AT DECEMBER 31, 1992	341.3	762.9	5,794.9	(1,842.9)	(434.4)	(1.4)
Net income			*594.5*			
Common dividends ($1.36 per share)			*(370.0)*			
Shares issued under stock plans	*1.2*	*44.2*	*4.0*			
Reduction of ESOP debt guarantee					*27.9*	
Treasury stock acquired net of treasury shares issued		*1.6*		*(636.7)*		
Foreign currency translation adjustment						*(31.6)*
BALANCE AT DECEMBER 31, 1993	*$342.5*	*$808.7*	*$6,023.4*	*$(2,479.6)*	*$(406.5)*	*$(33.0)*

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 47-59 of this report.

Consolidated Statement of Cash Flows

Anheuser-Busch Companies, Inc., and Subsidiaries

(In millions)

YEAR ENDED DECEMBER 31,	*1993*	*1992*	*1991*
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income	$ 594.5	$ 917.5	$ 939.8
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	608.3	567.0	534.1
(Decrease)/increase in deferred income taxes	(106.5)	62.0	104.5
Restructuring charge ($565 million less cash payments of $65.1 million)	499.9	—	—
Cumulative effect of accounting changes	—	76.7	—
Decrease/(increase) in non-cash working capital	99.6	(13.4)	(208.5)
Other, net	56.7	18.9	24.8
Cash provided by operating activities	1,752.5	1,628.7	1,394.7
CASH FLOW FROM INVESTING ACTIVITIES:			
Capital expenditures	(776.9)	(737.2)	(702.5)
Business acquisitions	(524.3)	(41.4)	(15.7)
Cash (used for) investing activities	(1,301.2)	(778.6)	(718.2)
CASH FLOW FROM FINANCING ACTIVITIES:			
Increase in long-term debt	689.2	351.3	.6
Decrease in long-term debt	(267.7)	(343.8)	(479.1)
Dividends paid to shareholders	(370.0)	(338.3)	(301.1)
Acquisition of treasury stock	(639.8)	(518.7)	(1.1)
Shares issued under stock plans and conversion of Convertible Debentures	49.4	117.1	106.2
Cash (used for) financing activities	(538.9)	(732.4)	(674.5)
Net increase/(decrease) in cash and marketable securities during the year	(87.6)	117.7	2.0
Cash and marketable securities at beginning of year	215.0	97.3	95.3
Cash and marketable securities at end of year	$ 127.4	$ 215.0	$ 97.3

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 47-59 of this report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

This summary of significant accounting principles and policies of Anheuser-Busch Companies, Inc. and its subsidiaries is presented to assist the reader in evaluating the company's financial statements included in this report. These principles and policies conform to generally accepted accounting principles.

Principles of Consolidation

The consolidated financial statements include the company and all its subsidiaries. All significant inter-company transactions have been eliminated.

Foreign Currency Translation

Adjustments resulting from foreign currency transactions are recognized in income, whereas adjustments resulting from the translation of financial statements are reflected as a separate component of shareholders equity.

Excess of Cost Over Net Assets of Acquired Businesses

The excess of the cost over the net assets of acquired businesses is amortized on a straight-line basis over a period of 40 years. Accumulated amortization at December 31, 1993 and 1992 was $74.2 million and $63.0 million, respectively.

Inventories and Production Costs

Inventories are valued at the lower of cost or market. Cost is determined under the last-in, first-out method (LIFO) for substantially all brewing inventories and under the first-in, first-out method (FIFO) for substantially all food product inventories.

Plant and Equipment

Plant and equipment is carried at cost and includes expenditures for new facilities and those which substantially increase the useful lives of existing facilities. Maintenance, repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed, the related cost and accumulated depreciation are eliminated from the respective accounts and any gain or loss on disposition is reflected in income or expense.

Depreciation is provided principally on the straight-line method over the estimated useful lives of the assets, resulting in depreciation rates on buildings ranging from 2% to 10% and on machinery and equipment ranging from 4% to 25%.

Capitalization of Interest

Interest relating to the cost of acquiring certain fixed assets is capitalized. The capitalized interest is included as part of the cost of the related asset and is amortized over its estimated useful life.

Income Taxes

The provision for income taxes is based on the income and expense amounts as reported in the Consolidated Statement of Income. The company has elected to utilize certain provisions of federal income tax laws and regulations to reduce current taxes payable. Effective in 1992, deferred income taxes are recognized for the effect of temporary differences between financial and tax reporting in accordance with the requirements of Statement of Financial Accounting Standards No. 109. Prior to 1992, deferred taxes were recognized for the effect of timing differences between financial and tax reporting in accordance with the requirements of Accounting Principles Board Opinion No. 11.

Financial Instruments with Off-Balance-Sheet Risk and Concentration of Credit Risk

The company is party to certain financial instruments with off-balance-sheet risk incurred in the normal course of business. These financial instruments include financial guarantees, foreign currency forward and option contracts designated as hedges, foreign currency payment swaps and interest rate swaps. The company's exposure to credit loss in the event of non-performance by the counterparty to these financial instruments (either individually or in the aggregate) is not material.

The company does not have a material concentration of accounts receivable or credit risk.

Fair Value of Financial Instruments

Long-term debt is the only significant financial instrument of the company with a fair value different than its recorded value. As of December 31, 1993, the fair value of long-term debt was $3.1 billion compared to its recorded value of $3.0 billion. The fair value of long-term debt was estimated based on the quoted market values for the same or similar debt issues, or rates currently available for debt with similar terms.

Research and Development, Advertising, Promotional Costs and Initial Plant Costs

Research and development, advertising, promotional costs and initial plant costs are expensed in the year in which these costs are incurred.

Earnings Per Share

Earnings per share of common stock are based on the weighted average number of shares of common stock outstanding during the respective years as shown below (in millions):

	1993	*1992*	*1991*
Primary weighted average shares	*274.3*	285.8	287.9
Fully diluted weighted average shares	*279.3*	290.8	292.9

Fully diluted earnings per share of common stock assume the conversion of the company's 8% convertible debentures due 1996 and the elimination of the related after-tax interest expense.

2 —PROFITABILITY ENHANCEMENT PROGRAM

In September 1993, the company announced a Profitability Enhancement Program to improve sales and profitability. The Program, which involves significant organizational and operational changes, includes the following elements:

- An enhanced retirement program for salaried employees
- The write-down of under-performing assets and investments
- Restructuring and reorganization of the company

As a result of the Program, the company recognized a $565 million restructuring charge during third quarter 1993.

The Program includes a 10% reduction in the salaried workforce (approximately 1,200 employees). This reduction was achieved through an enhanced retirement program. The enhanced retirement program offered salaried employees age 53 or older certain incentives and the opportunity to retire effective December 31, 1993. Incentives included pension credits for an additional five years of service and five years of age. The total cost of the enhanced retirement program was $142 million and is discussed in more detail in Note 10.

In addition, as part of the Program, the company plans to restructure and reorganize certain operations at a cost of $278 million. The restructuring and reorganization portion of the Program includes relocation of the company's Campbell Taggart, Inc. and Eagle Snacks, Inc. corporate offices to St. Louis; the closing of several smaller non-beer manufacturing operations; and the rationalization of brewing operations based on the successful practices employed at its newer breweries. Also included in the Program is $145 million for the write-down of underperforming assets and investments to their net realizable (economic) values.

3 —ADOPTION IMPACT OF NEW ACCOUNTING PRONOUNCEMENTS

Effective January 1, 1992, the company adopted Statements of Financial Accounting Standards No. 106 (FAS 106), "Employers' Accounting for Postretirement Benefits Other Than Pensions," and No. 109 (FAS 109), "Accounting for Income Taxes."

The company elected to immediately recognize the cumulative effect of adoption of FAS 106/109 pertaining to years prior to 1992 through a one-time adjustment which impacted 1992 net income as follows (in millions):

	1992 Net Income Increase (Decrease)
Postretirement benefits (FAS 106)	$(319.5)
Accounting for income taxes (FAS 109)	242.8
Net income impact	$ (76.7)
Fully diluted earnings per share impact	$ (.26)

Implementation of FAS 106 in 1992 was based on benefit levels in effect at the time of adoption. Certain changes to these benefit levels were implemented in 1993, thereby reducing the pretax expense level in 1993 by $27.0 million to $48.3 million.

Assuming constant statutory tax rates, FAS 109 is not expected to have a significant ongoing financial impact on the company. However, statutory tax rate changes, as occurred in August 1993, require revaluation of the deferred tax liability, with the net change recognized in the income statement in the year the tax rate change is enacted.

4 —ACQUISITIONS AND BUSINESS INVESTMENTS

In March 1993, the company announced the establishment of a joint venture with Japan's largest brewer, Kirin Brewery, to market and sell Budweiser in Japan. The joint venture replaces a prior license-brewing contract in Japan and is 90% owned by the company and 10% owned by Kirin. The joint venture began operations in September 1993.

In June 1993, the company announced the purchase of a 17.7% equity interest in Grupo Modelo, Mexico's largest brewer, and its subsidiaries for $477 million. This investment is accounted for under the cost method and included in the balance sheet within the caption "Investments in and advances to affiliated companies." During 1993, the company recorded $8.1 million in dividends related to this investment.

The agreement gives the company options to increase its investment in Grupo Modelo to a minority position of approximately 35% and to acquire an additional minority interest in its subsidiaries. These options are exercisable between mid-1995 and the end of 1997. Under certain circumstances involving the non-exercise of these options by the company at either party's election, Grupo Modelo may repurchase approximately half of the company's investment at cost and repurchase the remainder at prevailing market rates.

In July 1993, the company purchased a 5% interest in China's largest brewer, Tsingtao Brewery Company Limited, for $16.4 million. The purchase occurred in conjunction with Tsingtao's initial public offering on the Stock Exchange of Hong Kong. This initial 5% purchase by the company, accounted for under the cost method and included in the balance sheet within the caption "Investments in and advances to affiliated companies," is a strategic investment which may lead to additional commercial or investment relationships between the two companies.

In December 1993, the company acquired the remaining 50% of International Label Company for $19.2 million. The acquisition was accounted for using the purchase method of accounting and the excess cost of the acquisition over the assets acquired is being amortized on a straight-line basis over 40 years.

5 —INVENTORY VALUATION

Approximately 66.5% and 69.0% of total inventories at December 31, 1993 and 1992, respectively, are stated on the last-in, first-out (LIFO) inventory valuation method. Had average-cost (which approximates replacement cost) been used with respect to such inventories at December 31, 1993 and 1992, total inventories would have been $105.5 million and $107.1 million higher, respectively.

6 —CREDIT AGREEMENTS

The company's revolving credit agreements totaling $500 million were terminated effective January 31, 1993. The company's new credit agreements totaling $800 million expire in January 1995 ($400 million) and February 1996 ($400 million). The agreements provide that the company may select among various loan arrangements with differing maturities and among a variety of interest rates, including a negotiated rate. At December 31, 1993 and 1992 the company had no outstanding borrowings under these agreements. Fees under these agreements amounted to $.9 million in 1993, $.6 million in 1992 and $.7 million in 1991.

7 —LONG-TERM DEBT

Long-term debt at December 31 consisted of the following (in millions):

	1993	1992
Commercial paper	$ 569.1	$ 79.7
Medium-term Notes Due 1993 to 2002 (interest from 4.6% to 9.0%)	225.0	285.0
8% Dual Currency Japanese Yen/U.S. Dollar Notes Due 1995	—	53.5
8-3/4% Notes Due July 15, 1995	100.0	100.0
8% Notes Due October 1, 1996	—	100.0
8% Convertible Debentures Due 1996	237.1	237.2
8-3/4% Notes Due 1999	250.0	250.0
6.9% Notes Due 2002	200.0	200.0
9% Debentures Due 2009	350.0	350.0
7-3/8% Debentures Due 2023	200.0	—
ESOP Debt Guarantee	406.5	434.4
Sinking Fund Debentures	364.6	413.7
Industrial Revenue Bonds	110.3	115.6
Other Long-term Debt	19.1	23.4
	$3,031.7	$2,642.5

The company's sinking fund debentures at December 31 are as follows (in millions):

	1993	1992
8-5/8% Debentures maturing 1997 to 2016	$150.0	$150.0
8-1/2% Debentures maturing 1998 to 2017	150.0	150.0
10% Debentures maturing 1999 to 2018	150.9	200.0
Less: Debentures held in treasury	(86.3)	(86.3)
	$364.6	$413.7

The company utilizes SEC shelf registration statements to provide financing flexibility. At December 31, 1992, a total of $550 million was available for debt issuance under shelf registration statements. In 1993, the company issued $210 million in debt. As of December 31, 1993, the company had a total of $340 million remaining available for issuance under shelf registration statements.

In 1989 the company registered with the SEC $300 million of convertible debentures as part of its Beer Wholesaler Investment Program, $241.7 million of which were issued to Qualified Holders. The debentures may only be held by a qualified, independently owned beer wholesaler (and certain related parties) and may be converted into a 5% convertible preferred stock, par value $1.00, at a conversion price of $47.60 per share. Each share of the convertible preferred stock may be converted into one share of the company's common stock. The convertible debentures and convertible preferred stock are subject to mandatory redemption at the end of seven years, optional redemption/repurchase at the company's or holder's discretion after three years, and special redemption/repurchase options based upon the occurrence of certain events with respect to particular holders.

During 1993, the company redeemed the following long-term debt:

- $53.5 million, 8.0% Dual Currency Notes;
- $100 million, 8.0% Notes; and
- $49.1 million, 10% Sinking Fund Debentures

Gains/losses on these redemptions (either individually or in the aggregate) were not material to the company's Consolidated Financial Statements.

At December 31, 1993 and 1992, there were $569.1 million and $79.7 million, respectively, of commercial paper borrowings outstanding classified as long-term debt. The commercial paper is intended to be maintained on a long-term basis with ongoing credit provided by the company's revolving credit agreements.

The company's Dual Currency Japanese Yen/U.S. Dollar Notes were issued at a discount from the redemption value and subsequently converted into a U.S. dollar liability resulting in an effective interest rate of 10%, as compared to a stated rate of 8%. This debt was redeemed during 1993. The company had fully hedged its foreign currency exposure for interest payments related to this debt through an agreement with an international lending institution.

During 1992 the company entered into a financial fixed-rate swap agreement on a notional amount of $200 million. The company is obligated to pay a fixed rate of 6.54% per year for the four-year period beginning January 1, 1994. In return, the company will receive a floating interest rate based on commercial paper rates.

The aggregate maturities on all long-term debt are $31, $287, $270, $50 and $76 million, respectively, for each of the years ending December 31, 1994 through 1998. These aggregate maturities do not include the future maturities of the ESOP debt guarantee.

8 —STOCK OPTION PLANS

The company had an Incentive Stock Option/Non-Qualified Stock Option Plan and a Non-Qualified Stock Option Plan for certain qualified employees which expired on December 21, 1991. Under the terms of the plans, options were granted at not less than the fair market value of the shares at the date of grant. The Non-Qualified Stock Option Plan provided that optionees could be granted Stock Appreciation Rights (SARs) in tandem with stock options. The exercise of a SAR cancels the related option and the exercise of an option cancels the related SAR. At December 31, 1993 and 1992, a total of 2,778,824 and 3,350, 952 shares, respectively, were reserved for possible future issuance under these plans.

In April 1990, the shareholders approved an Incentive Stock Plan for certain qualified employees. The plan (as amended) provides for the grant of options and SARs. Under the terms of the plan, options may be granted at not less than the fair market value of the shares at the date of grant. At December 31, 1993 and 1992, a total of 19,051,066 and 9,908,929 shares, respectively, were reserved for future issuance under this plan.

Presented below is a summary of activity for the plans for the years ended December 31:

	1993	*1992*	*1991*
Options outstanding at beginning of the year	*10,887,085*	12,285,133	15,224,650
Options granted during the year	*2,023,400*	2,213,026	668,516
Options and SARs exercised during the year	*(1,399,573)*	(3,464,070)	(3,390,645)
Options cancelled during the year	*(147,703)*	(147,004)	(217,388)
Options outstanding at end of the year	*11,363,209*	10,887,085	12,285,133
Options exercisable at end of the year	*8,009,951*	8,298,103	8,859,962
Option price range per share	*$12.28-$58.56*	$10.31-$58.56	$10.31-$56.00

The plans provide for acceleration of exercisability of the options upon the occurrence of certain events relating to a change of control, merger, sale of assets or liquidation of the company (Acceleration Events). The Non-Qualified Plan and the Incentive Stock Plan also provide that optionees may be granted Limited Stock Appreciation Rights (LSARs). LSARs become exercisable, in lieu of the option or SAR, upon the occurrence, six months following the date of grant, of an Acceleration Event. These LSARs entitle the holder to a cash payment per share equivalent to the excess of the share value (under terms of the LSAR) over the grant price. As of December 31, 1993 and 1992, there were 1,411,379 and 1,618,278 respectively, of LSARs outstanding.

9 —EMPLOYEE STOCK OWNERSHIP PLAN

In 1989, the company added an Employee Stock Ownership Plan (ESOP) to its existing Deferred Income Stock Purchase and Savings Plans. Approximately 60% of all salaried and hourly employees are eligible for participation in the ESOP. The ESOP borrowed $500 million for a term of 15 years at an interest rate of 8.3% and used the proceeds to buy approximately 11.3 million shares of common stock from the company. The ESOP debt is guaranteed by the company and ESOP shares are being allocated to participants over 15 years as contributions are made to the plans.

ESOP cash contributions and ESOP expense accrued during the calendar year are determined by several factors including the market price and number of shares allocated to participants, ESOP debt service, dividends on unallocated shares and the company's matching contribution. Over the 15-year life of the ESOP, total expense will equal the total cash contributions made by the company.

ESOP cash contributions are made in March and September, based on the plan year which ends March 31. A summary of ESOP cash contributions and dividends on unallocated ESOP shares for the three years ended December 31 is presented below (in millions):

	1993	*1992*	*1991*
Cash contributions	*$ 39.4*	$ 33.1	$ 32.6
Dividends	*$ 10.6*	$ 10.4	$ 10.2

Total ESOP expense is allocated to operating expense and interest expense based upon the ratio of principal and interest payments on the debt. ESOP expense for each of the three years ended December 31 is presented below (in millions):

	1993	*1992*	*1991*
Operating expense	*$ 18.6*	$ 14.2	$ 13.2
Interest expense	*21.8*	18.8	19.9
Total expense	*$ 40.4*	$ 33.0	$ 33.1

10—RETIREMENT BENEFITS

As discussed in Note 2, in September 1993 the company announced a Profitability Enhancement Program that included an enhanced retirement program. Total costs related to the enhanced retirement program were $142 million. Included in this cost was $90 million in special pension benefits, offset by $35 million in curtailment gains (for a net cost of $55 million). Additionally, a $23.5 million charge for postretirement benefits other than pensions is included in the total cost. The remaining portion of the cost relates to severance benefits and other expenses of implementing the plan.

Pension Plans

The company has pension plans covering substantially all of its employees. Total pension expense for each of the three years ended December 31 is presented below (in millions):

	1993	*1992*	*1991*
Single-employer defined benefit plans	*$ (2.5)*	$ (3.9)	$ (3.5)
Multi-employer plans	*48.4*	47.4	47.6
Defined contribution plans	*13.2*	12.6	11.6
	$ 59.1	$ 56.1	$ 55.7

Net pension benefit for single-employer defined benefit plans was comprised of the following for the three years ended December 31 (in millions):

	1993	*1992*	*1991*
Service cost (benefits earned during the year)	*$ 45.7*	$ 42.0	$ 34.0
Interest cost on projected benefit obligation	*65.1*	60.0	54.1
Assumed return on assets	*(99.5)*	(92.3)	(76.6)
Amortization of prior service cost, actuarial gains/losses and the excess of market value of plan assets over projected benefit obligation at January 1, 1986	*(13.8)*	(13.6)	(15.0)
Net pension benefit	*$ (2.5)*	$ (3.9)	$ (3.5)

The key actuarial assumptions used in determining pension expense for single-employer defined benefit plans were as follows for each of the years ended December 31:

	1993	*1992*	*1991*
Discount rate	*9.0%*	9.0%	10.0%
Long-term rate of return on plan assets	*10.0%*	10.0%	9.0%
Weighted-average rate of compensation increase	*6.5%*	6.5%	6.5%

The actual gain on pension assets was $120.4 million, $102.2 million and $145.7 million in 1993, 1992 and 1991, respectively.

The following tables set forth the funded status of all company single-employer defined benefit plans at December 31 (in millions):

	1993	*1992*
Plan assets at fair market value—primarily corporate equity securities and publicly traded bonds	*$ 1,020.0*	$1,117.4
Accumulated benefit obligation:		
Vested benefits	*(721.2)*	(576.1)
Nonvested benefits	*(58.2)*	(40.3)
Accumulated benefit obligation	*(779.4)*	(616.4)
Effect of projected compensation increases	*(135.1)*	(152.8)
Projected benefit obligation	*(914.5)*	(769.2)
Plan assets in excess of projected benefit obligation	*$ 105.5*	$ 348.2

	1993	*1992*
Plan assets in excess of projected benefit obligation consist of the following components:		
Unamortized excess of market value of plan assets over projected benefit obligation at January 1, 1986 being amortized over 15 years	*$ 70.9*	$ 119.1
Unrecognized net actuarial gains/(losses)	*(70.9)*	73.9
Prior service costs	*(43.7)*	(27.8)
Prepaid pension	*149.2*	183.0
	$ 105.5	$ 348.2

The assumptions used in determining the funded status of these plans as of December 31 were as follows:

	1993	*1992*
Discount rate	*7.5%*	9.0%
Weighted-average rate of compensation increase	*5.5%*	6.5%

The decline in the funded status of the plans in 1993 is due to assets paid to retirees in conjunction with the enhanced retirement program and the lower discount rate.

Contributions to multi-employer plans in which the company and its subsidiaries participate are determined in accordance with the provisions of negotiated labor contracts and are based on employee-hours worked.

Postretirement Benefits

As discussed in Note 3, the company adopted FAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1992.

The company provides certain health care and life insurance benefits to eligible retired employees. Salaried participants generally become eligible for retiree health care benefits after reaching age 55 with 10 years of service or after reaching age 65. Bargaining unit employees generally become eligible for retiree health care benefits after reaching age 55 with 10-15 years of service or after reaching age 65.

The following table sets forth the accumulated postretirement benefit obligation (APBO) and the total postretirement benefit liability for all single-employer defined benefit plans at December 31 (in millions):

	1993	*1992*
Retirees	$191.7	$ 110.6
Fully eligible active plan participants	139.0	146.0
Other active plan participants	232.6	304.4
Accumulated postretirement benefit obligation (APBO)	563.3	561.0
Unrecognized prior service benefits	109.8	—
Unrecognized net actuarial (losses)	(51.2)	—
Total postretirement benefit liability	$621.9	$ 561.0

As of December 31, 1993 and 1992, $607.1 million and $538.3 million of this obligation was classified as a long-term liability and $14.8 million and $22.7 million was classified as a current liability, respectively.

Net periodic postretirement benefits expense for single-employer defined benefit plans for 1993 and 1992 was comprised of the following (in millions):

	1993	*1992*
Service cost (benefits attributed to service during the year)	$ 21.1	$ 29.8
Interest cost on accumulated postretirement benefit obligation	39.2	45.5
Amortization of prior service (benefit)	(6.5)	—
Amortization of curtailment loss/(gain)	(4.5)	—
Amortization of actuarial loss/(gain)	(1.0)	—
Net periodic postretirement benefits expense	$ 48.3	$ 75.3

In measuring the APBO, a 12.5% annual trend rate for health care costs was assumed for 1993. This rate is assumed to decline ratably over the next 12 years to 6.5% and remain at that level thereafter. The weighted average discount rate used in determining the APBO was 8% and 9%, respectively, at December 31, 1993 and 1992.

If the assumed health care cost rate changed by 1%, the APBO as of December 31, 1993 would change by 13.4%. The effect of a 1% change in the cost trend rate on the service and interest cost components of net periodic postretirement benefits expense would be a change of 17.4%.

11—INCOME TAXES

The provision for income taxes consists of the following for the three years ended December 31 (in millions):

	1993	*1992*	*1991*
Current Tax Provision:			
Federal	$459.5	$460.6	$386.7
State and foreign	102.9	101.3	92.4
	562.4	561.9	479.1
Deferred Tax Provision:			
Federal	(126.2)	50.3	93.3
State and foreign	(13.3)	8.8	8.4
	(139.5)	59.1	101.7
	$422.9	$621.0	$580.8

The deferred tax provision results from differences in the recognition of income and expense for tax and financial reporting purposes. The primary differences are related to fixed assets (tax effect of $51.5 million in 1993, $67.6 million in 1992 and $75.9 million in 1991) and the restructuring charge benefit ($184 million) in 1993.

Under the liability method, at December 31, 1993 the company had deferred tax liabilities of $1,759 million and deferred tax assets of $588 million. The principal temporary differences included in deferred tax liabilities are related to fixed assets ($1,548 million). The principal temporary differences included in deferred tax assets are related to accrued postretirement benefits ($232.2 million) and other accruals and temporary differences ($355.9 million) which are not deductible for tax purposes until paid or utilized.

On August 10, 1993, the Revenue Reconciliation Act of 1993 was signed into law. As a result, the federal statutory income tax rate was retroactively increased, effective January 1, 1993, by 1% to 35%. This resulted in a $33 million non-recurring, after-tax, non-cash charge related to revaluation of the deferred tax liability in accordance with FAS 109.

The company's effective tax rate was 43.4% in 1993, 38.4% in 1992 and 38.2% in 1991. A reconciliation between the statutory rate and the effective rate is presented below:

	1993	*1992*	*1991*
Statutory rate	*35.0%*	34.0%	34.0%
State income taxes, net of federal benefit	*4.7*	3.9	3.8
Revaluation of deferred tax liability	*3.1*	—	—
Other	*.6*	.5	.4
Effective tax rate	*43.4%*	38.4%	38.2%

12—CASH FLOWS

For purposes of the Statement of Cash Flows, all short-term investments with maturities of 90 days or less are considered cash equivalents. Such amounts include marketable securities of $4.8 million in 1993 and $104.6 million in 1992. The effect of foreign currency exchange rate fluctuations was not material for 1993, 1992 and 1991.

Supplemental information with respect to the Statement of Cash Flows is presented below (in millions):

	1993	*1992*	*1991*
Interest paid, net of capitalized interest	*$ 168.6*	$ 158.0	$ 205.8
Income taxes paid	*510.2*	552.3	480.0
Excise taxes paid	*1,673.4*	1,663.0	1,606.6

Changes in Non-Cash Working Capital

	1993	*1992*	*1991*
Decrease/(increase) in non-cash current assets:			
Accounts receivable	*$(101.3)*	$ 5.0	$ (92.2)
Inventories	*34.0*	(25.1)	(68.4)
Other current assets	*.3*	(50.3)	(38.8)
Increase/(decrease) in current liabilities:			
Accounts payable	*75.1*	27.6	(1.4)
Accrued salaries, wages and benefits	*(13.4)*	34.0	(24.0)
Accrued interest payable	*2.5*	(6.1)	(13.8)
Due to customers for returnable containers	*2.1*	3.7	(.1)
Accrued taxes, other than income taxes	*4.7*	6.1	39.4
Estimated income taxes	*52.2*	(6.4)	(34.0)
Other current liabilities	*43.4*	(1.9)	24.8
Decrease/(increase) in non-cash working capital	*$ 99.6*	$ (13.4)	$(208.5)

Stock Activity

13—PREFERRED AND COMMON STOCK

Activity in the company's stock categories for each of the three years ended December 31 is summarized below:

	Common Stock Issued	*Common Stock In Treasury*
Balance, December 31, 1990	335,683,313	(53,377,060)
Shares issued under stock plans	2,696,554	
Conversions of Convertible Debentures	72,477	
Treasury stock acquired		(23,500)
Balance, December 31, 1991	338,452,344	(53,400,560)
Shares issued under stock plans	2,931,179	
Conversions of Convertible Debentures	16,805	
Treasury stock acquired		(9,597,492)
Balance, December 31, 1992	341,400,328	(62,998,052)
Shares issued under stock plans	*1,180,011*	
Conversions of Convertible Debentures	*2,100*	
Treasury stock acquired		*(12,643,125)*
Treasury stock issued		*95,413*
Balance, December 31, 1993	*342,582,439*	*(75,545,764)*

At December 31, 1993 and 1992, 40,000,000 shares of $1.00 par value preferred stock were authorized and unissued.

Stock Repurchase Programs

The Board of Directors has approved various resolutions authorizing the company to purchase shares of its common stock for investment purposes and to meet the requirements of the company's various stock purchase and incentive plans. In June 1992 the board authorized the repurchase of 20 million shares. The company has acquired 12.6 million, 9.6 million and 23,500 shares of common stock in 1993, 1992 and 1991 for $639.8 million, $518.7 million and $1.1 million, respectively. At December 31, 1993, approximately 5.0 million shares were available for repurchase under the 1992 authorization.

Stockholder Rights Plan

In 1985, the Board of Directors adopted a Stockholder Rights Plan pursuant to which the board declared a dividend of one preferred stock purchase right on each outstanding share of common stock of the company. The rights have subsequently been amended in certain respects, and the description below reflects the terms of the rights as amended. After the rights become exercisable and until such time as the rights expire or are redeemed, they will entitle the holder to purchase one one-hundredth of a share of a new Series B Junior Participating Preferred Stock, par value $1.00 per share (4,000,000 shares were reserved for issuance at December 31, 1993 and 1992), at a purchase price of $50 per one one-hundredth of a share. The rights will become exercisable on the earlier to occur of (i) the tenth calendar day following a public announcement that a person or group (an "Acquiring Person") has acquired 20% or more of the common stock of the company, or (ii) the tenth business day following the commencement of a tender offer or exchange offer by a third party which, upon consummation, would result in such party's control of 30% or more of the common stock of the company.

If, at any time after the rights have become non-redeemable, the company is the surviving corporation in a merger with an Acquiring Person and its common stock is not changed or exchanged, or an Acquiring Person becomes the beneficial owner of more than 30% of the then outstanding shares of common stock, each right will entitle the holder, other than the Acquiring Person, to purchase that number of shares of common stock of the company which has a market value of twice the exercise price of the right.

If, at any time after the rights have become non-redeemable, the company is acquired in a merger or other business combination transaction or 50% or more of its assets or earning power is sold, each right will entitle its holder to purchase that number of shares of common stock of the acquiring company which has a market value of twice the exercise price of the right.

The rights, which do not have voting rights, expire on December 27, 1995, and may be redeemed by the company at a price of 2-1/2 cents per right at any time prior to expiration or the date on which the company's Board of Directors permits the rights to become non-redeemable (subject to reinstatement in certain circumstances).

14—COMMITMENTS AND CONTINGENCIES

In connection with plant expansion and improvement programs, the company had commitments for capital expenditures of approximately $315.9 million at December 31, 1993.

Obligations under capital and operating leases are not material.

The company and certain of its subsidiaries are involved in certain claims and legal proceedings in which monetary damages and other relief are sought. The company is vigorously contesting these claims. However, resolution of these claims is not expected to occur quickly, and their ultimate outcome cannot presently be predicted. In any event, it is the opinion of management that any liability of the company or its subsidiaries for claims or proceedings will not materially affect its financial position.

15—BUSINESS SEGMENTS

The company's principal business segments are beer and beer-related, food products and entertainment. The beer and beer-related segment produces and sells the company's beer products. Included in this segment are the company's raw material acquisition, malting, can manufacturing, recycling, communications and transportation operations.

The food products segment consists of the company's food and food-related operations which include the company's baking and snack food subsidiaries and certain rice operations.

The entertainment segment consists of the company's theme parks, baseball, stadium and real estate development operations.

Sales between segments, export sales and non-United States sales are not material. The company's equity in earnings of affiliated companies has been included in other income and expense. No single customer accounted for more than 10% of sales.

Summarized below is the company's business segment information for 1993, 1992 and 1991 (in millions). Intra-segment sales have been eliminated from each segment's reported net sales.

	Net Sales			*Operating Income (1) (2)*		
	1993	*1992*	*1991*	*1993*	*1992*	*1991*
Beer and Beer-Related	$ 8,668.9	$ 8,609.6	$ 8,323.5	$1,339.6	$1,645.4	$1,581.5
Food Products	2,123.2	2,131.1	2,068.7	(84.9)	75.4	95.0
Entertainment	741.8	684.3	617.9	(42.8)	54.9	45.0
Eliminations	(28.6)	(31.3)	(13.8)	—	—	—
Consolidated	$11,505.3	$11,393.7	$10,996.3	$1,211.9	$1,775.7	$1,721.5

(1) Operating income excludes other expense, net, which is not allocated among segments. For 1993, 1992 and 1991 other expense, net of $161.5 million, $160.5 million and $200.9 million, respectively, includes net interest expense, other income and expense, and equity in earnings of affiliated companies.

(2) Operating income for 1993 includes the impact of the one-time, pretax restructuring charge of $565 million as a result of the company's Profitability Enhancement Program. The one-time charge relates to business segments as follows: $267.5 million for the beer and beer-related segment; $165.9 million for the food products segment; and $131.6 million for the entertainment segment.

	Identifiable Assets			*Depreciation and Amortization Expense (4)*		
	1993	*1992*	*1991*	*1993*	*1992*	*1991*
Beer and Beer-Related	$ 7,515.0	$ 6,864.8	$6,660.6	$429.2	$395.1	$381.4
Food Products	1,510.4	1,584.1	1,359.7	103.0	100.9	89.5
Entertainment	1,470.5	1,588.2	1,565.7	76.1	71.0	63.2
Corporate (3)	384.4	500.8	400.5	—	—	—
Consolidated	$10,880.3	$10,537.9	$9,986.5	$608.3	$567.0	$534.1

(3) Corporate assets principally include cash, marketable securities, investment in affiliated companies and certain fixed assets.

(4) Consolidated depreciation and amortization expenses include $17.4 million, $15.8 million and $16.0 million of depreciation expense related to corporate assets for 1993, 1992 and 1991, respectively.

	Capital Expenditures		
	1993	*1992*	*1991*
Beer and Beer-Related	$529.7	$490.4	$511.5
Food Products	122.7	109.5	82.5
Entertainment	124.5	137.3	108.5
Consolidated	$776.9	$737.2	$702.5

16—ADDITIONAL INFORMATION

Additional income statement information (in millions):

	1993	*1992*	*1991*
Maintenance	$415.5	$403.0	$405.4
Advertising costs	$701.6	$747.6	$682.6

Summarized below is selected financial information for Anheuser-Busch, Inc. (a wholly owned subsidiary of Anheuser-Busch Companies, Inc.) as of and for the years ended December 31 (in millions):

	1993	*1992*	*1991*
Income Statement Information:			
Net sales	$ 7,624.0	$7,669.9	$7,475.4
Gross profit	2,844.8	2,875.6(2)	2,707.5
Net income (1)	712.7(3)	860.5(2)	829.4
Balance Sheet Information:			
Current assets	670.6	667.8	
Non-current assets	11,185.6	9,945.4	
Current liabilities	813.2	693.7	
Non-current liabilities (1)	3,431.4	3,020.6	

(1) Anheuser-Busch, Inc. is co-obligor for all outstanding Anheuser-Busch Companies, Inc. indebtedness. Accordingly, all such debt is included as an element of non-current liabilities and the interest thereon is included in the determination of net income.

(2) Gross profit and net income for 1992 reflect the January 1, 1992 adoption of FAS 106. Excluding the adoption of FAS 106, gross profit would have been $2,907.7 million and net income would have been $883.1 million, respectively.

(3) Net income for 1993 reflects $89.6 million representing Anheuser-Busch, Inc.'s share of the $565 million pretax restructuring charge.

17—QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for 1993 and 1992 (in millions, except per share data) appears below.

Gross profit, net income and earnings per share for each quarter of 1992 have been retroactively restated to reflect the company's adoption, as of January 1, 1992, of FAS 106 and FAS 109.

	Net Sales		Gross Profit		Net Income/(loss)		Earnings/(loss) Per Share			
							Primary		Fully Diluted	
	1993	1992	1993	1992	1993	1992	1993	1992	1993	1992
First quarter	$ 2,503.4	$ 2,621.1	$ 850.3	$ 930.9	$194.1	$138.4	$ .69	$ .48	$ .69	$ .48
Second quarter	2,990.8	2,953.4	1,092.9	1,092.8	308.6	308.4	1.12	1.07	1.11	1.06
Third quarter	3,156.7	3,091.6	1,179.3	1,139.4	(75.0)	309.1	(.28)	1.09	(.28)	1.08
Fourth quarter	2,854.4	2,727.6	963.1	921.5	166.8	161.6	.62	.58	.62	.58
Annual	$11,505.3	$11,393.7	$4,085.6	$4,084.6	$594.5	$917.5	$2.17	$3.22	$2.17	$3.20

For accounting purposes, the net impact of the one-time cumulative effect adjustment of $76.7 million ($.26 per share) for years prior to 1992, for both FAS 106 and FAS 109, is reflected entirely in net income and earnings per share of the first quarter of 1992.

Third quarter 1993 net income and earnings per share include the impact of the one-time pretax restructuring charge of $565 million related to the company's Profitability Enhancement Program and the $33 million deferred tax liability revaluation charge due to the 1% tax rate increase. Excluding these items, third quarter 1993 net income and fully diluted earnings per share would have been $311.1 million and $1.13, respectively, and net income and fully diluted earnings per share for the year would have been $980.6 million and $3.55, respectively.

Financial Summary–Operations

Anheuser-Busch Companies, Inc., and Subsidiaries

(In millions, except per share data)

	1993	1992	1991
CONSOLIDATED SUMMARY OF OPERATIONS			
Barrels sold	87.3	86.8	86.0
Sales	$13,185.1	$13,062.3	$12,634.2
Federal and state excise taxes	1,679.8	1,668.6	1,637.9
Net sales	11,505.3	11,393.7	10,996.3
Cost of products and services	7,419.7	7,309.1	7,148.7
Gross profit	4,085.6	4,084.6	3,847.6
Marketing, distribution and administrative expenses	2,308.7	2,308.9	2,126.1
Restructuring charge	565.0	—	—
Operating income	1,211.9(1)	1,775.7(2)	1,721.5
Interest expense	(207.8)	(199.6)	(238.5)
Interest capitalized	36.7	47.7	46.5
Interest income	5.2	7.1	9.2
Other income/(expense), net	4.4	(15.7)	(18.1)
Income before income taxes	1,050.4(1)	1,615.2(2)	1,520.6
Income taxes (current/deferred)	422.9	621.0	580.8
Revaluation of deferred tax liability	33.0	—	—
Net income, before cumulative effect of accounting changes	594.5(1)	994.2(2)	939.8
Cumulative effect of changes in the method of accounting for postretirement benefits (FAS 106) and income taxes (FAS 109), net of tax benefit of $186.4 million	—	(76.7)	—
NET INCOME	$ 594.5(1)	$ 917.5	$ 939.8
PRIMARY EARNINGS PER SHARE:			
Net income before cumulative effect	$ 2.17	$ 3.48(2)	$ 3.26
Cumulative effect of accounting changes	—	(.26)	—
Net income	$ 2.17(1)	$ 3.22	$ 3.26
FULLY DILUTED EARNINGS PER SHARE:			
Net income before cumulative effect	$ 2.17	$ 3.46(2)	$ 3.25
Cumulative effect of accounting changes	—	(.26)	—
Net income	$ 2.17(1)	$ 3.20	$ 3.25
Cash dividends paid:			
Common stock	370.0	338.3	301.1
Per share	1.36	1.20	1.06
Preferred stock	—	—	—
Per share	—	—	—
Average number of common shares:			
Primary	274.3	285.8	287.9
Fully diluted	279.3	290.8	292.9

NOTES TO FINANCIAL SUMMARY—OPERATIONS

Note: All per share information and average number of common shares data reflect the September 12, 1986 two-for-one stock split and the June 14, 1985 three-for-one stock split. All amounts reflect the acquisition of Sea World as of December 1, 1989. Financial information prior to 1988 has been restated to reflect the adoption in 1988 of Financial Accounting Standards No. 94, Consolidation of Majority-Owned Subsidiaries.

1990	1989	1988	1987	1986	1985	1984	1983
86.5	80.7	78.5	76.1	72.3	68.0	64.0	60.5
$11,611.7	$10,283.6	$9,705.1	$9,110.4	$8,478.8	$7,756.7	$7,218.8	$6,714.7
868.1	802.3	781.0	760.7	724.5	683.0	657.0	624.3
10,743.6	9,481.3	8,924.1	8,349.7	7,754.3	7,073.7	6,561.8	6,090.4
7,093.5	6,275.8	5,825.5	5,374.3	5,026.5	4,729.8	4,464.6	4,161.0
3,650.1	3,205.5	3,098.6	2,975.4	2,727.8	2,343.9	2,097.2	1,929.4
2,051.1	1,876.8	1,834.5	1,826.8	1,709.8	1,498.2	1,338.5	1,226.4
—	—	—	—	—	—	—	—
1,599.0	1,328.7	1,264.1	1,148.6	1,018.0	845.7	758.7	703.0
(283.0)	(177.9)	(141.6)	(127.5)	(99.9)	(96.5)	(106.0)	(115.4)
54.6	51.5	44.2	40.3	33.2	37.2	46.8	32.9
7.0	12.6	9.8	12.8	9.6	21.3	22.8	12.5
(25.5)	11.8	(16.4)	(9.9)	(13.6)	(23.3)	(29.6)	(14.8)
1,352.1	1,226.7	1,160.1	1064.3	947.3(3)	784.4	692.7	618.2
509.7	459.5	444.2	449.6	429.3	340.7	301.2	270.2
—	—	—	—	—	—	—	—
842.4	767.2	715.9	614.7	518.0(3)	443.7	391.5	348.0
—	—	—	—	—	—	—	—
$ 842.4	$ 767.2	$ 715.9	$ 614.7	$ 518.0(3)	$ 443.7	$ 391.5	$ 348.0
$ 2.96	$ 2.68	$ 2.45	$ 2.04	$ 1.69(3)	$ 1.42	$ 1.23	$ 1.08
—	—	—	—	—	—	—	—
$ 2.96	$ 2.68	$ 2.45	$ 2.04	$ 1.69(3)	$ 1.42	$ 1.23	$ 1.08
$ 2.95	$2.68	$ 2.45	$ 2.04	$ 1.69(3)	$ 1.42	$ 1.23	$ 1.08
—	—	—	—	—	—	—	—
$ 2.95	$ 2.68	$ 2.45	$ 2.04	$ 1.69(3)	$ 1.42	$ 1.23	$ 1.08
265.0	226.2	188.6	148.4	120.2	102.7	89.7	78.3
.94	.80	.66	.54	.44	.36 2/3	.31 1/3	.27
—	—	—	20.1	26.9	27.0	27.0	29.7
—	—	—	3.23	3.60	3.60	3.60	3.60
284.6	286.2	292.2	301.5	306.6	312.6	317.4	321.0
289.7	286.2	292.2	301.5	306.6	312.6	317.4	321.0

(1) 1993 results include the impact of two non-recurring special charges. These charges are (1) a restructuring charge ($565 million pretax) and (2) a revaluation of the deferred tax liability due to the 1% increase in federal tax rates ($33 million after-tax). Excluding these non-recurring special charges, operating income, pretax income, net income and fully diluted earnings per share would have been $1,776.9 million, $1,615.4 million, $980.6 million and $3.55, respectively.

(2) 1992 operating income, income before income taxes, net income and earnings per share reflect the 1992 adoption of the new Financial Accounting Standards pertaining to Postretirement Benefits (FAS 106) and Income Taxes (FAS 109). Excluding the financial impact of these Standards, 1992 operating income, income before income taxes, net income and fully diluted earnings per share would have been $1,830.8 million, $1,676.0 million, $1,029.2 million and $3.58, respectively.

(3) Effective January 1, 1986, the company adopted the provisions of Financial Accounting Standards No. 87 (FAS 87), Employers' Accounting For Pensions. The financial effect of FAS 87 adoption was to increase 1986 income before income taxes $45 million, net income $23 million and earnings per share $.08.

Financial Summary–Balance Sheet and Other Information

Anheuser-Busch Companies, Inc., and Subsidiaries

(In millions, except per share and statistical data)

	1993	1992	1991
BALANCE SHEET INFORMATION			
Working capital (deficit)	$ (20.4)	$ 356.0	$ 224.9
Current ratio	1.0	1.2	1.2
Plant and equipment, net	7,497.1	7,523.7	7,196.5
Long-term debt	3,031.7	2,642.5	2,644.9
Total debt to total capitalization	41.6%	36.4%	37.3%
Deferred income taxes	1,170.4	1,276.9	1,500.7
Convertible redeemable preferred stock	—	—	—
Shareholders equity	4,255.5	4,620.4	4,438.1
Return on shareholders equity	13.4%(4)	22.0%(2)	23.2%
Book value per share	15.94	16.60	15.57
Total assets	10,880.3	10,537.9	9,986.5
OTHER INFORMATION			
Capital expenditures	776.9	737.2	702.5
Depreciation and amortization	608.3	567.0	534.1
Effective tax rate	43.4%	38.4%	38.2%
Price/earnings ratio	22.6(4)	16.9 (3)	18.9
Percent of pretax profit on net sales	9.1%	14.2%	13.8%
Market price range of common stock (high/low)	60-44 1/8	60 1/2-52 1/8	61 1/2-39 5/8

NOTES TO FINANCIAL SUMMARY—BALANCE SHEET AND OTHER INFORMATION

Note: All per share information reflects the September 12, 1986 two-for-one stock split and the June 14, 1985 three-for-one stock split. All amounts reflect the acquisition of Sea World as of December 1, 1989. Financial information prior to 1988 has been restated to reflect the adoption in 1988 of Financial Accounting Standards No. 94, Consolidation of Majority-Owned Subsidiaries.

(1) This percentage has been calculated by including convertible redeemable preferred stock as part of equity because it was convertible into common stock and was trading primarily on its equity characteristics.

(2) This percent has been calculated based on net income before the cumulative effect of accounting changes.

(3) This ratio has been calculated based on fully diluted earnings per share before the cumulative effect of accounting changes.

(4) These ratios have been calculated based on reported net income. Excluding the two non-recurring 1993 charges ($565 million pretax restructuring charge and $33 million after-tax FAS 109 charge) return on shareholders equity would have been 21.2% and the price/earnings ratio would have been 13.8.

1990	1989	1988	1987	1986	1985	1984	1983
$ 14.4	$ (25.7)	$ 15.2	$ 75.8	$ (3.7)	$ 116.0	$ 71.5	$ 173.1
1.0	1.0	1.0	1.1	1.0	1.1	1.1	1.2
7,063.8	6,671.3	5,467.7	4,994.8	4,494.9	3,960.8	3,579.5	3,269.8
3,147.1	3,307.3	1,615.3	1,422.6	1,164.0	904.7	879.5	1,003.1
46.1%	52.4%	34.2%	33.0%	31.6%(1)	26.9%(1)	28.2%(1)	32.8%(1)
1,396.2	1,315.9	1,212.5	1,164.3	1,094.0	964.7	757.9	574.3
—	—	—	—	286.9	287.6	286.9	286.0
3,679.1	3,099.9	3,102.9	2,892.2	2,313.7	2,173.0	1,951.0	1,766.5
24.9%	24.7%	23.9%	22.4%	20.5%(1)	18.9%(1)	18.2%(1)	18.0%(1)
13.03	10.95	10.95	9.87	8.61	7.84	6.91	6.09
9,634.3	9,025.7	7,109.8	6,547.9	5,898.1	5,192.9	4,592.5	4,386.8
898.9	1,076.7	950.5	841.8	796.2	611.3	532.3	441.3
495.7	410.3	359.0	320.1	281.2	240.0	207.9	191.3
37.7%	37.5%	38.3%	42.2%	45.3%	43.4%	43.5%	43.7%
14.6	14.4	12.9	16.4	15.5	14.9	9.8	9.6
12.6%	12.9%	13.0%	12.7%	12.2%	11.1%	10.6%	10.2%
45-34¼	45⅞-30⅝	34⅛-29⅛	39¾-26⅜	28⅝-20	22⅞-11⅞	12⅜-8⅞	12⅞-9¾

THE CORPORATION

Anheuser-Busch Companies, Inc. is a diversified corporation whose subsidiaries include the world's largest brewing organization, the country's second-largest producer of fresh-baked goods and the country's second-largest theme park operator. The company also has interests in container manufacturing and recycling, malt and rice production, international brewing and beer marketing, snack foods, international baking, refrigerated and frozen foods, real estate development, major league baseball, stadium ownership, creative services, railcar repair and transportation services, and metalized-label printing.

TRADEMARKS

Trademarks of the corporation and its subsidiaries include: Anheuser-Busch, the A & Eagle Design, Budweiser, Bud, Bud Dry, Bud Light, King of Beers, Michelob, Michelob Dry, Michelob Light, Michelob Classic Dark, Michelob Golden Draft, Mich, Busch, Natural Light, King Cobra, O'Doul's, Busch Gardens, Adventure Island, Kingsmill, Cardinals, Eagle (for snacks), Rainbo, Colonial, Earth Grains, Sea World and Shamu, among others.

ANNUAL MEETING

The annual meeting of shareholders will be held on Wednesday, April 27, 1994, in Los Angeles, Calif. A formal notice of the meeting together with a proxy statement will be mailed to shareholders in mid-March 1994.

ADDITIONAL INFORMATION

A copy of the company's annual report to the Securities and Exchange Commission (Form 10-K) is available to shareholders without charge upon written request to JoBeth G. Brown, Vice President and Secretary, Anheuser-Busch Companies, Inc., One Busch Place, St. Louis, Mo. 63118.

A copy of the corporation's "Fact Book," which contains general information about the company, may be obtained by writing to Corporate Communications, Anheuser-Busch Companies, Inc., One Busch Place, St. Louis, Mo. 63118.

COMMON STOCK

Anheuser-Busch Companies, Inc. common stock is listed and traded on the New York Stock Exchange and the London, Frankfurt, Paris, Zurich, Geneva, Basle and Tokyo Stock Exchanges. It is also traded on the Boston, Midwest, Cincinnati, Pacific and Philadelphia Stock Exchanges and the over-the-counter market. Options in the company's common stock are traded on the Philadelphia Stock Exchange. The stock is quoted as "AnheuserB" in stock table listings in daily newspapers in the U.S.; the abbreviated ticker symbol is "BUD."

DIVIDENDS

Dividends on common stock are normally paid in the months of March, June, September and December.

DIVIDEND REINVESTMENT

The company's Dividend Reinvestment Plan allows shareholders to reinvest dividends in Anheuser-Busch Companies, Inc. common stock automatically, regularly and conveniently—without service charges or brokerage fees. In addition, participating shareholders may supplement the amount invested with voluntary cash investments on the same cost-free basis. Plan participation is voluntary and shareholders may join or withdraw at any time.

Full details concerning the Anheuser-Busch plan are available from:

Boatmen's Trust Company
Dividend Reinvestment Agent
P.O. Box 14793
St. Louis, Mo. 63178-4793
(314) 466-1357 (local)
(800) 456-9852 (long distance)

TRANSFER AGENT AND REGISTRAR–COMMON STOCK	Boatmen's Trust Company 510 Locust Street St. Louis, Mo. 63101 (314) 466-1357 (local) (800) 456-9852 (long distance)
DIVIDEND DISBURSING AGENT	Boatmen's Trust Company 510 Locust Street St. Louis, Mo. 63101 (314) 466-1357 (local) (800) 456-9852 (long distance)
TRUSTEE DEBENTURES/NOTES	For all notes and debentures: Chemical Bank 55 Water Street New York, N.Y. 10041
FISCAL AGENT–NOTES	8% dual-currency Japanese yen/U.S. dollar notes: The Industrial Bank of Japan, Limited 3-3 Marunouchi 1-Chome Chiyoda-ku Tokyo 100, Japan
INDEPENDENT ACCOUNTANTS	Price Waterhouse One Boatmen's Plaza St. Louis, Mo. 63101
CORPORATE OFFICE	One Busch Place St. Louis, Mo. 63118 (314) 577-2000

ANHEUSER-BUSCH COMPANIES, INC.

Policy Committee *(*Member of the Corporate Office)*

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Michael J. Roarty*
Executive Vice President–Corporate Marketing and Communications

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Vice President and Group Executive

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Vice President and Group Executive

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Vice President and Group Executive

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Vice President–Corporate Relations

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Vice President

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Vice President and Deputy General Counsel

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Laura H. Reeves
Assistant Secretary

Richard N. Hill
Assistant Treasurer

Ronald S. Burkhardt
Assistant Controller

PRINCIPAL OFFICERS OF ANHEUSER-BUSCH COMPANIES SUBSIDIARIES

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Executive Vice President and Chief Operating Officer

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Vice President–Operations

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Edward R. Goedeke
President and Chief Operating Officer

Joel A. Murnin
Vice President; Treasurer; Controller

ANHEUSER-BUSCH COMPANIES

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Vice Chairman–St. Louis National Baseball Club, Inc.

Antonino Fernandez R.
Chairman and President–Grupo Modelo, S.A. de C.V.; a Mexican company engaged in brewing and related operations

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